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Integrating Croatia to the EU

-A Study on Trade Specialisation and FDI-

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Abstract

The purpose of this thesis is to examine the effects of European integration on trade specialisation and FDI in Croatia during 1992-2002. On the basis of trade patterns, revealed comparative advantage are calculated by Balassa's method. Further the inflow of FDI is examined to analyse if these are to be found in activities with comparative advantages or elsewhere. The analysis shows that exports have not changed much over time whereas imports have increased significantly. Croatia's exports mainly consist of low-cost, labour-intensive and resource-based goods whereas skills and technology exports are underrepresented. According to calculations, commodities with the strongest revealed comparative advantage have not strengthened trade patterns significantly nor experienced expressively high inflow of FDI. Instead the majority of FDI can be found in the sectors of Telecommunications, Banking and Pharmaceutical products.

Key words: economic integration, FDI, revealed comparative advantage, trade, trade specialisation

List of Abbreviations

| | |
|-------|--|
| BIH | Bosnia and Herzegovina (Bosna i Hercegovina) |
| CARDS | Community Assistance for Reconstruction, Development and Stability |
| CEE | Central European Economies |
| CEFTA | Central European Free Trade Agreement |
| EBDR | European Bank for Reconstruction and Development |
| EFTA | European Free Trade Association |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FPI | Foreign Portfolio Investment |
| FYROM | Former Yugoslav Republic of Macedonia |
| GDP | Gross Domestic Product |
| HT | Croatian Telecommunications (Hrvatske Telekomunikacije) |
| ICTY | International Criminal Tribunal for the former Yugoslavia |
| IIT | Intra Industry Trade |
| IMF | International Monetary Fund |
| MNC | Multinational Corporation |
| OLI | Ownership, Localisation and Internalisation |
| PHARE | Pologne, Hongrie Assistance à la Reconstruction Economique |
| RCA | Revealed Comparative Advantage |
| RCD | Revealed Comparative Disadvantage |
| RIA | Regional Integration Agreement |
| SAA | Stabilisation and Association Agreement |
| SCG | Serbia and Montenegro (Srbija i Crna Gora) |
| SITC | Standard International Trade Classification |
| UK | United Kingdom |
| US | United States |
| USD | United States Dollar |
| VAT | Value Added Tax |
| WTO | World Trade Organization |

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1. Introduction

Croatia has achieved the status of a European Union (EU) candidate country and negotiations are hopefully about to start shortly. Diplomatic relations between Croatia and the EU originate from 1992 when the union recognized the country's independence. At the moment Croatia is in transition which is a determining factor hence force.

Different economic conditions imply different climate for foreign direct investment (FDI) which stimulate economic growth. The inflow of FDI is increasing in Croatia every year. This occurs for several reasons; from more stable political to more stable economic situation. The country has great potential because of its localisation advantages which most possibly can create a favourable climate for foreign investors.

1.1 Purpose

The purpose of this essay is to examine the effects of European integration on trade specialisation and FDI in Croatia during the last decade. Trade specialisation will be examined for the period 1992-2002 whereas FDI will be examined during 1993-2002 since FDI did not start until 1993. The questions which will be answered are:

- *What does Croatia's trade pattern look like?*
- *Is FDI to be found in activities with comparative advantage and has it thereby reinforced those?*
- *Otherwise to which other sectors has FDI gone?*

Further this essay will take into consideration the relevant trade agreements for Croatia and the impact of these on trade and investment determinations.

Trade patterns often reveal comparative advantage; therefore these will be studied to investigate if some changes in trade and economy as whole can be traced.

1.2 Disposition

The thesis is organized as follows. The first part gives a short description of Croatia's

trade background. The second one explains the country's trade policy development. Part three gives a theoretical review concerning economic integration and FDI. It explains relevant terms for further analysis as well as circumstances affecting investment decisions and consequences of foreign direct investment on trade. The next section outlines methodological background to the model of revealed comparative advantage. Two formulas are presented and used to calculate revealed comparative advantage based on Croatian trade data. The fifth part reports and discusses the patterns and consequences of FDI on the Croatian economy. Finally the last part is a short summary of the study.

1.3 Economic situation

After the war in Croatia the economic situation started to stabilize but worsened in 1997 due to various reasons such as a crisis in banking and the Kosovo crises. This resulted in a recession during a couple of years but the economy has recovered by now. During the last eight years the average real Gross Domestic Product (GDP) growth in Croatia has been over 4%. The unemployment rate has risen since the country's independence with an average rate of 21.6% in 2002 although this official rate is likely to overstate the actual situation¹.

Croatia's transition to a free market economy is progressing. In 2000 more than two thirds of country's economy had been privatized and the authorities are preparing for increased privatisations, including public utilities, and rearranging other public enterprises such as rail and shipyards. The significance of the informal sector is reduced to around 7%, based on official 2000 economy data, supposedly because of the introduction of Value Added Tax (VAT) and more market competition².

¹ Bojanic & Terterov 2004, p7-8

² Delegation of the European Commission to the Republic of Croatia, Stabilisation and Association Report, p15

2. Relation between Croatia and the EU

In 2003 Croatia applied for EU membership. A year after the country had been granted candidate country status, the date of March 2005 was set to begin negotiations if Croatia would fully cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY)³. The country did not fulfil EU's requirements and June was determined to be next attempt but once again negotiations were postponed. The government is working to meet EU conditions and is anticipating EU membership during the next enlargement in 2007.

2.1 Agreements

A number of agreements have been signed playing significant role for the Croatian economy. The most important and relevant ones for this paper are listed below.

Figure 2.1 Trade Agreements

| IMF | WTO | EU CARDS | EU Phare | EU Interim Agreement | CEFTA | SAA | Other bilateral agreements | EU membership |
|------|------|----------|----------|----------------------|-------|------|--|-------------------|
| 1992 | 2000 | 2000 | 2002 | 2002 | 2003 | 2005 | Albania, BIH, SCG, FYROM, Turkey, Moldavia | Candidate country |

Source: Own compilation

- Croatia has been a member of the International Monetary Fund (IMF) since 1992⁴.
- Croatia has been member of World Trade Organization (WTO) since year 2000⁵.
- Community Assistance for Reconstruction, Development and Stabilisation (CARDS) is the EU financial assistance programme supporting the goals of the EU policy for

³ Delegation of the European Commission to the Republic of Croatia, Press Release

⁴ International Monetary Fund

⁵ World Trade Organization

Southeast Europe. It is a regional programme which provides guidance to achieve goals of Stabilisation and Association Agreement (SAA) where few important areas are economic ones such as incorporation of a free market economy and sustainable economic development. Cross-border cooperation implies encouraging economic and social co-operation of border regions, including support to networking activities and the involvement of civil society. Private sector development promotes foreign direct investments in the region⁶.

- In 1995 the EU council decided to extend the Pologne, Hongrie Assistance à la Reconstruction Economique Programme (PHARE) assistance to Croatia and to open negotiations on a Trade and Cooperation Agreement⁷.
- Interim Agreement on trade and trade-related provisions came in force in 2002. The agreement gives Croatia almost free access to EU-market and gives incitement to integrate into the EU⁸.
- Croatia has applied to join CEFTA (Central European Free Trade Agreement) and a trade agreement between the two parts came into force in 2003. A free trade area was to be established and came into force last year⁹.
- The first compendious agreement between the EU and Croatia is a SAA which was forced this year, 2005. SAA provides an evolution of privileged political and economic relations with Croatia and its neighbours. The agreement is upheld by substantial financial assistance programme (CARDS). Further it provides the establishment of a free trade area by 2007. Also it establishes a framework for competition and state-aid regulations, intellectual property and establishment, which will allow the Croatian economy to begin to integrate with its neighbours as well as with the EU¹⁰.
- Other bilateral trade agreements are with Albania, Bosnia and Herzegovina (BIH), Serbia and Montenegro (SCG), Former Yugoslav Republic of Macedonia (FYROM), Turkey and Moldavia¹¹.

⁶ Gateway to the European Union, Economic and Social Development

⁷ Gateway to the European Union, External Relations, The EU's relations with Croatia

⁸ Gateway to the European Union, External Relations, The EU's relations with Croatia

⁹ Ministry of Economy, Labour and Entrepreneurship, Ugovori o slobodnoj trgovini

¹⁰ Delegation of the European Commission to the Republic of Croatia, The Stabilisation and Association Process for South Eastern Europe, First Annual Raport, p4

¹¹ Ministry of Economy, Labour and Entrepreneurship

2.2 Integration into the EU within the framework of tariff quotas

Trade in textile products are regulated by a special agreement. A wine protocol to the Interim Agreement and to the SAA has been applied since 2002 with intent to accomplish the contractual trade regime. The treaty provides mutual concessions for exports of wine and explains the rules for the protection of denominations of wines and spirits¹².

An Enlargement Protocol was established in order to make sure new member states participate in SAA. This statement adapts the trade provisions of the SAA to a greater extent by extending the amount of tariff quotas, which in turn provides Croatia with higher quotas for fisheries and wine products. SAA is more beneficial to Croatia than the EU because the Union has granted Croatia duty free access without restrictions to the EU-market for almost all products with exceptions to veal, fisheries and wine products which still face tariff quotas. This is of big value to exporters in Croatia since 70 % of its trade is with EU. On the Croatian side, tariffs for industrial products will be eliminated by 2007. Tariffs for agricultural products have diminished but still abide for some sensitive products. The Enlargement Protocol keeps this pattern active through increasing remaining tariff quotas with respect to traditional trade between Croatia and the new Member States. Accordingly the quotas for fisheries and wine products from Croatia have been enlarged, yielding new export opportunities for the country¹³.

2.3 Bilateral relations

Croatia is a small open economy. Main trading partners are EU-members, CEFTA-members, European Free Trade Association (EFTA) members and other European countries. Croatia has most trade exchange with Italy and Germany. Other important partners are former republics of ex Yugoslavia - Bosnia and Herzegovina, Slovenia and Serbia and Montenegro. This is not surprising since the economies of the former Yugoslavian republics were complementary¹⁴. The rest of external trade is with Russia, the United States (US) and China¹⁵.

¹² Delegation of the European Commission to the Republic of Croatia, Stabilisation and Association Report, p18

¹³ Delegation of the European Commission to the Republic of Croatia, Press Release, p2

¹⁴ Bojanic & Terterov 2004, p28

¹⁵ Ministry of Economy, Labour and Entrepreneurship, Pregled po skupinama i zemljama

3. The theory of FDI and economic integration

International economic integration is a process that empowers its members to attain common goals multilaterally in a more efficient manner than each member could do unilaterally¹⁶. Economic integration is when two or more countries engage in regional integration agreement (RIA) pertaining to elimination of trade barriers and the free movement of goods and factors of production. There are two types of integration, negative and positive. The first concept was introduced by Tinbergen and implies the elimination of discrimination and of limitations on movement. The latter concept deals with alteration of the existing apparatus and its institutions as well as establishment of new ones to enable the market to function efficiently and to encourage further integration within the area¹⁷.

Economic integration can be further divided based on the level of integration. There are five forms: customs unions, free trade areas, common markets, monetary unions and economic and monetary unions. Lastly there is an entire range of integration forms obtained depending on agreements between the regions, mixing the orthodox models from above¹⁸.

Countries participate in RIAs primary because of the economic benefits but one should not forget the political ones as well. The ambition of economic integration is to encourage intra-regional trade and investment. It is expected that bigger markets, tougher competition, more effective resource allocation and a number of positive externalities should increase the growth rates of member countries¹⁹.

A very important impact of some RIAs is that they can "lock in" economic reforms in the participating economies. This can be prevented by changing priority for reform decisions. To lift up these from national to international level, infuse more credibility since foreign investors then do not fear these reforms being temporary and would not be changed when next administration comes²⁰.

¹⁶ Robson 1998, p6

¹⁷ Robson 1998, p2

¹⁸ ibid

¹⁹ Blomström & Kokko 1997a, p2

²⁰ Blomström & Kokko 1997a, p9

Foreign direct investment is foreign possession of a part of a corporate which exercises in a country's domestic market. Thereby FDI flows are shifts of production factors in the foreign ownership. The influence of economic integration on FDI rests upon the pattern of already existing FDI, vertical and horizontal, or import-substituting and export oriented. Time perspective is significant as well since dynamic effects distinguish from static effects. The character of investment and trade before the RIA are deciding the pattern of how the integration will look like after agreement²¹.

Foreign investments consist of FDI and foreign portfolio investments (FPI). FDI is international investment where the investor from one country gets lasting interest in an enterprise resident in another. Lasting interest means the existence of a long-term relationship between the investor and the firm as well as notable influence by the investor on the management of the firm. Direct investments embrace reinvested earnings, equity capital and other capital. FPI implies category of investments that are purchased in organized and financial markets such as bonds, equities and money market instruments²².

Among numerous reasons to conduct FDI such as knowledge, efficiency, and risk reduction seeking, market seeking which stress the size of the market, the expectations for market growth, transportation costs and the necessity to be close to customers, is one of the more prominent reasons. Additionally, there is resource seeking FDI which utilizes comparative advantage, for example, propitious access to raw material or cheap labour entirely for export reasons²³.

Opening a country for FDI as well as stimulating competition has a notable influence on inflow of FDI and foreign trade. Another effect of integration is that it encourages for more propitious climate for investment. This is due to a shift from national to international decisions and rules that provide more credible climate for foreign investors²⁴.

Multinationals differ from already established companies in the host country as they possess intangible assets which help them to compete with local companies. Further it has been shown that intangible assets are likely to spill over to local companies²⁵.

²¹ Blomström & Kokko 1997a, p2-3

²² United Nations Conference on Trade and Development p3-4

²³ Ekström 1998, p89-92

²⁴ Blomström & Kokko 1997a, p9

²⁵ Blomström & Kokko 1997a, p12

3.1 Factors influencing investment decisions

Dunning's OLI-advantages provide framework for an enterprise that wants to engage in foreign direct investment; ownership, localisation and internalisation advantage. A firm is expected to undertake FDI when it undergoes all three of the following conditions at the same time;

- *Ownership advantage* consists of advantages an enterprise has owing to holding of production process. Usually, it is a firm specific advantage such as management and technological skill, patent and brand name. This advantage gives the enterprise competitive advantage in the world market.
- *Localisation advantage* means that production is not realized in the enterprise's domestic market but somewhere where the costs of production factors, input costs, social and institutional factor advantages are lower.
- *Internalisation advantage* means that a firm would rather produce a good or product than allow another company to use an asset which could increase the probability that the value of the asset to the firm could be reduced by the other company gaining over it²⁶.

A model concerning motives for FDI in the context of regional integration will be introduced. Figure 3.1 shows "Classification Dimensions" where environmental change means liberalisation of trade and investment while locational advantages means the degree to which it is profitable to establish an economic activity in a certain location. Area 1 defines positive locational advantage combined with strong environmental change. This combination implies positive impact on investment and includes economies which were subject to trade barriers as well as hinders before integration. Area 3 implies that influence on investment gets weaker but is still positive. This is because the formal and informal barriers are low. Next area is number 2 and it implies that influence on FDI is negative but also that potential for disinvestment grows. Economies where FDI has been established with respect to escape trade barriers belong to this area. Lastly, area 4 represents situation where potential impacts of integration on FDI are weak and possibly offsetting. Activities where investment decisions are probably not influenced by the RIA, either because the branch is left outside agreement or because the market is too slim to draw forth foreign investors, belong here²⁷.

²⁶ Gari & Josefsson 2004, p15-16; Holmes

²⁷ Blomström & Kokko 1997a, p14-16

Figure 3.1 Classification Dimensions

| | | |
|---|--|---|
| | Locational Advantages Positive to Negative → | |
| Environmental Change Strong to Weak ↓ | 1 | 2 |
| | 3 | 4 |

Source: Blomström & Kokko, 1997a, p15 from Globerman and Schwindt

Whereas ownership and internalisation advantages are firm specific factors, localisation advantage is region or country specific. This leads us to focus on localisation advantage in this essay since the purpose is to examine Croatia's trade specialisation and FDI.

3.2 Effects of FDI on trade

There are two approaches to examine effects of FDI on host economies. The first approach comes from the standard theory of international trade and implies that inflows of foreign capital, either in the shape of FDI or portfolio capital will result in higher marginal product of labour and decreasing marginal product of capital in the host economy. The second approach comes from the theory of industrial organization and examines why firms undertake investment abroad to produce the same goods they produce at home. The answer would be that there must to exist some market imperfection which separates markets. This implies that to invest abroad a firm must own some asset, for example product and process technology or management and marketing skills, that can be used beneficially abroad. The entrance of a multinational corporation (MNC) asserts something more than just import of capital into a host country which is usually how the phenomena is treated in traditional trade theory²⁸.

FDI is an important element in the rebuilding and transformation of the formerly planned economies. Further it is considered as a channel of advanced technology as well as managerial and corporate governance culture of market economies. Usually it is introduced to transition economies by privatization programmes. Foreign direct investments are a significant pre existing condition for inflow of capital. This is because they give a country opportunity to

²⁸ Blomström & Kokko 1997b, p7-8

accumulate hard currency to be spent. Finally FDI generates a more competitive environment in the country and thereby accelerates the prosperity from transition to market economy²⁹.

²⁹ Marinov 1997, p2

4. Trade specialisation

4.1 Background to revealed comparative advantage

Examining patterns of trade between economies is used as a method to deduce in what sectors or goods an economy has a comparative advantage. Because of difficulties in generating estimates of comparative advantage, methods of comparative advantages are "revealed" on the basis of already existing trade patterns that should be used. The method was developed by Balassa and is called revealed comparative advantage (RCA). The forthcoming question is how much trade patterns actually are determined by comparative advantages and the conclusion is that revealed comparative advantages are not wholly compatible with the "real" comparative advantages. RCA means that if a country's share in global exports of a certain commodity is larger than its overall share in total global exports, then the country has a revealed comparative advantage in that commodity. This appears as a tendency towards a positive trade balance for that commodity, i. e. export/import ratio in excess of unity. Balassa claims that export/import ratios would be more affected by protectionist measures than the relative export shares. Consequently the latter would be more trustworthy indicators of comparative advantage³⁰.

The weakness of the model is that it presents revealed comparative advantage and not the "real" comparative advantage. Another problem is that the true pattern of revealed comparative advantage and specialization may not be embodied since aggregated level can hide revealed comparative advantage which can be found at disaggregated levels instead.

Variables that can influence RCA are trade policies applied by countries and FDI which can affect export and benefit exploitation of comparative advantage³¹.

4.2 Measuring RCA

There are two RCA formulas measuring revealed comparative advantage:

³⁰ Hamilton & Svensson 1982, p1-2

³¹ Balassa 1989, p37

$$RCA = (X_{ij} / X_{wj}) / (\sum X_{ij} / \sum X_{wj}) \quad (3.1)$$

$$RCA = (X_{ij} - M_{ij}) / (X_{ij} + M_{ij}) \quad (3.2)$$

The first formula (3.1) is based on a country's export performance in the global perspective, where i = country, j = commodity and w = world. When country i 's part of global exports of commodity j (X_{ij} / X_{wj}) is larger than its part of global exports (of all commodities or all commodities of a definite type), then RCA is bigger than 1 and comparative advantage is revealed. The reason why RCA (3.1) do not embrace imports is because they support protection which can result in misinterpretation. On the other side, excluding may be relevant fact and can result in other distortions, for example dismissing intra-industry trade as well as biasing RCA. This is particularly valid where there exists country size effect.

The second formula (3.2) is adjusted and approves the possibility of two-way trade that is concurrently importing and exporting within a special commodity category. M is import, X is export, the ratio extends from -1 ($X_{ij} = 0$) and revealed comparative disadvantage to $+1$ ($M_{ij} = 0$) and revealed comparative advantage. Estimations close to 0 suggest intra-industry trade (IIT).

The restrictions of the formulas are obvious because any particular value of the index is compatible with any volume of trade. Nevertheless, the formula (3.2) is a better measurement than (3.1) because the index concentrates on its "own" country's trade performance. Both formulas will be used in this paper.

Examining all sectors in trade indicates that a shift in trade performance can be revealed as a shift in comparative advantage. On that account, the analysis starts with data on aggregate level to be followed by disaggregated level. Afterwards it breaks down the figures for goods of interest.

4.3 Aggregated level

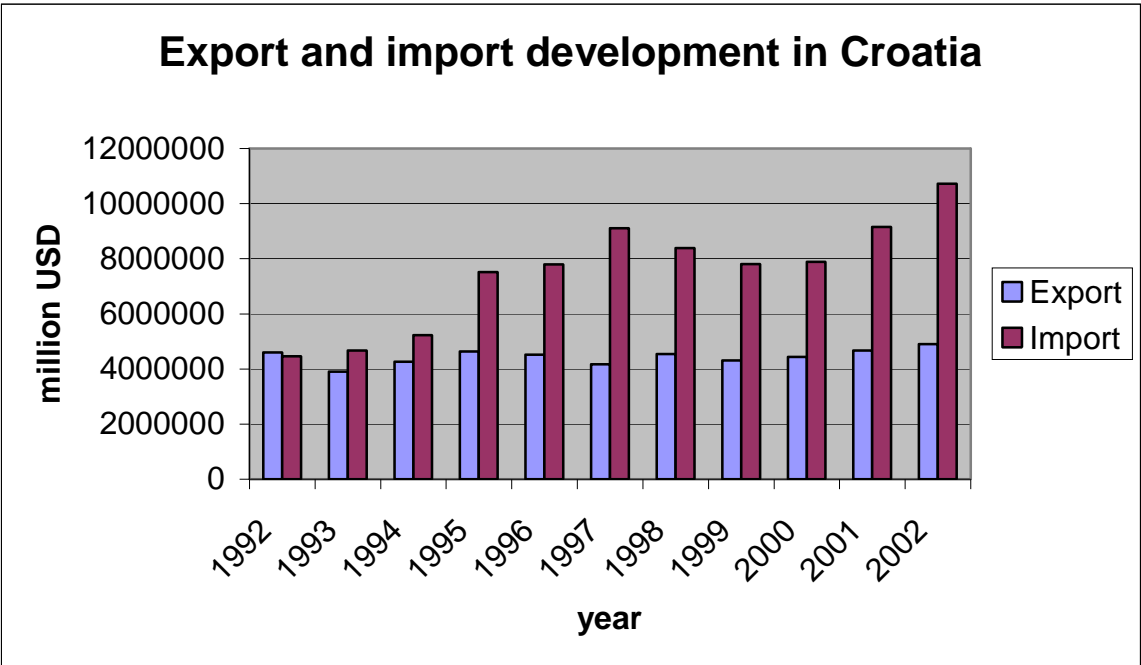
Standard International Trade Classification (SITC) will be used to calculate comparative advantage in all sectors on 1- and 2-digit levels and on 3-digit level for sectors of interest. Overall SITC Revise 3 is used except for world data in RCA formula (3.2) where SITC

Revise 2 is used because of lack of data in Revise 3. Due to slight difference of those two the results might be lightly different but for that sake not misleading.

It is preferential if commodity groups are similar in factor intensities, that goods are homogenous within the division and heterogeneous between the divisions. Classification SITC fails to present this, some goods are heterogeneous even at finer disaggregated level while others are homogenous but are found in different SITC sectors.

During the ten-year-period Croatia’s exports increased by just over 6% whereas imports have increased by two and a half time (see Appendix, Table A.1). The difference is striking and worth a closer look.

Figure 4.1 Export and Import in Croatia 1992-2002



Source: Own compilation based on data from Croatian Bureau of Statistics

Depending on different RCA formulas, the revealed comparative advantages on aggregated level look as follows. As seen in Table 4.1 according to RCA (3.1) Croatia has revealed comparative advantage in the sectors of Food and live animals (SITC 0), Beverages and tobacco (SITC 1), Crude materials, inedible, except fuels (SITC 2), Mineral fuels, lubricants and related materials (SITC 3) and Miscellaneous manufactured articles (SITC 8) as well as just about sector for Manufactured goods classified chiefly by material (SITC 6). Sectors for Beverages and tobacco (SITC 1) and Crude materials, inedible, except fuels (SITC 2) have the strongest comparative advantage and value for just over 5% of total trade. Sector for

Manufactured goods classified chiefly by material (SITC 6) have had a short-term downturn during the period 1993-1999 with comparative disadvantage as a consequence but has recovered. Lastly sector for Miscellaneous manufactured articles (SITC 8) has revealed comparative advantage but the value has deteriorated since the beginning of the period. The rest of sectors exhibited revealed comparative disadvantage (see Appendix, Table A.2 for details).

Table 4.1 RCA 3.1 at 1-digit level

| Sector | 1992-94 | 1995-97 | 1998-00 | 2001-02 |
|--|----------------|----------------|----------------|----------------|
| 0 Food and live animals | 1,29 | 1,3 | 1,2 | 1,32 |
| 1 Beverages and tobacco | 1,8 | 2,07 | 2,45 | 2,85 |
| 2 Crude materials, inedible, except fuels | 1,46 | 1,5 | 1,75 | 1,81 |
| 3 Mineral fuels, lubricants and related materials | 1,27 | 1,22 | 1,07 | 1,05 |
| 4 Animal and vegetable oils, fats and waxes | 0,31 | 0,53 | 0,53 | 0,61 |
| 5 Chemicals and related products, n.e.s. | 1,49 | 1,67 | 1,33 | 1,07 |
| 6 Manufactured goods classified chiefly by material | 0,98 | 0,89 | 0,95 | 1,04 |
| 7 Machinery and transport equipment | 0,44 | 0,48 | 0,7 | 0,71 |
| 8 Miscellaneous manufactured articles | 2,01 | 1,99 | 1,64 | 1,59 |
| 9 Commodities and transactions, n.e.s. | 0,09 | 0,03 | 0,02 | 0 |

Source: Own calculations

On the other hand as seen in Table 4.2 according to RCA (3.2) Beverages and tobacco (SITC 1) is the only sector that demonstrates revealed comparative advantage; in Crude materials, inedible, except fuels (SITC 2) revealed comparative advantage is to be replaced by intra-industry-trade and Miscellaneous manufactured articles (SITC 8) presents intra-industry-trade. The rest display revealed comparative disadvantage with Commodities and transactions not classified elsewhere in the SITC (SITC 9) presenting lowest values (see Appendix, Table A.3 for details).

Table 4.2 RCA 3.2 at 1-digit level

| Sector | 1992-94 | 1995-97 | 1998-00 | 2001-02 |
|--|----------------|----------------|----------------|----------------|
| 0 Food and live animals | -0,04 | -0,33 | -0,31 | -0,35 |
| 1 Beverages and tobacco | 0,29 | 0,25 | 0,25 | 0,22 |
| 2 Crude materials, inedible, except fuels | 0,12 | 0,05 | 0,11 | 0,04 |
| 3 Mineral fuels, lubricants and related materials | -0,12 | -0,35 | -0,41 | -0,45 |
| 4 Animal and vegetable oils, fats and waxes | -0,48 | -0,46 | -0,46 | -0,43 |
| 5 Chemicals and related products, n.e.s. | -0,02 | -0,13 | -0,29 | -0,38 |
| 6 Manufactured goods classified chiefly by material | -0,1 | -0,39 | -0,38 | -0,47 |
| 7 Machinery and transport equipment | -0,19 | -0,47 | -0,37 | -0,42 |
| 8 Miscellaneous manufactured articles | 0,21 | 0,02 | -0,01 | -0,07 |
| 9 Commodities and transactions, n.e.s. | -0,93 | -0,97 | -0,88 | -0,09 |

Source: Own calculations

4.4 Disaggregated level

Moving on to disaggregated level based on both formulas Croatia has revealed comparative advantage in group Fish and preparations (SITC 03), Miscellaneous edible products and preparations (SITC 09), Tobacco and tobacco manufactures (SITC 12), Cork and wood (SITC 24), Fertilizers (other than those of group 272) (SITC 56), Cork and wood manufactures (excluding furniture) (SITC 63), Other transport equipment (SITC 79), Articles of apparel and clothing accessories (SITC 84), Footwear (SITC 85) and Gold, non-monetary (excluding gold ores and concentrates) (SITC 97). In two divisions revealed comparative disadvantage have been rapidly replaced by strong revealed comparative advantage, Gas, natural and manufactured (SITC 34) and Sugars, sugar preparations and honey (SITC 06).

The above were viewed as the most significant groups that exhibited revealed comparative advantage. The rest can be found in Appendix, Tables A.4 and A.5.

In accordance to results at the 2-digit-level, the revealed comparative advantage at 3-digit level would be counted for Miscellaneous manufactured articles (SITC 8). This sector is of interest since it accounts for 17 % of total trade and is thereby Croatia's biggest export branch and in top three import industry. Results can be found in Tables A.6 and A.7 whereas classifications can be found in Table 4.3. As seen no commodities are classified as primary commodities.

Labour-intensive and resource-based manufactures – B

As seen in Table A.8 in Appendix, labour-intensive and resource-based manufactures account for largest share of total trade, just over 10%. Exports have increased by 9%, almost balanced by imports increase by 8%. Croatia has revealed comparative advantage in a majority of these commodities. Women/girls clothing woven (SITC 842), Women/girl wear knitted or crocheted (SITC 844) and Articles of apparel n.e.s. (SITC 845) present strong RCA. Especially the trend of Articles of apparel n.e.s. (SITC 845) has been advanced strictly upward. The opposite is valid for Women/girls clothing woven (SITC 842), specialisation is still high but slowly diminishing. Furniture and stuffed furnishings (SITC 821) has had a stable RCA trend throughout the decade. The same is valid for Women/girl wear knitted or crocheted (SITC 844) although the specialisation is expanding.

Table 4.3 Factor Intensity at 3-digit level for Miscellaneous manufactured articles (SITC 8)

| SITC | Categories | RCA 1 | RCA 2 |
|------|--|-------|-------|
| | A – Primary commodities | | |
| | B – Labour-intensive and resource-based manufactures | | |
| 821 | Furniture and stuffed furnishings | 1,55 | 0,15 |
| 831 | Trunks and cases | 0,2 | -0,41 |
| 842 | Women/girls clothing woven | 1,96 | 0,45 |
| 843 | Men/boy wear knitted or crocheted | 0,75 | 0,41 |
| 844 | Women/girl wear knitted or crocheted | 1,31 | 0,52 |
| 845 | Articles of apparel n.e.s. | 1,9 | 0,26 |
| 846 | Clothing accessories | 0,3 | -0,05 |
| 848 | Headgear/non-textile clothing | 0,79 | -0,05 |
| 851 | Footwear | 3,08 | 0,01 |
| 894 | Baby carriages/toys/games/sport | 0,23 | -0,55 |
| | C – Manufactures with low skill and technology intensity | | |
| 812 | Sanitary/plumbing/heating fixtures | 0,25 | -0,41 |
| | D - Manufactures with medium skill and technology intensity | | |
| 893 | Articles, n.e.s., of plastics | 0,43 | -0,28 |
| | E - Manufactures with high skill and technology intensity | | |
| 871 | Optical instruments, n.e.s. | 0,01 | -0,85 |
| 872 | Medical/etc instruments | 0,08 | -0,83 |
| 873 | Meters and counters, n.e.s. | | -0,85 |
| 874 | Measuring/controlling apparatus, n.e.s. | 0,21 | -0,47 |
| 881 | Photographic equipment | 0,03 | -0,78 |
| 882 | Photographic supplies | 0,09 | -0,78 |
| 883 | Cinematographic film exposed and developed | 0,84 | -0,24 |
| 884 | Optical goods, n.e.s. | 0,18 | -0,56 |
| 885 | Watches and clocks | 0,18 | -0,34 |
| | F – Unclassified products | | |
| 892 | Printed matter | 0,6 | -0,11 |
| 895 | Office and stationery supplies, n.e.s. | 0,69 | -0,22 |
| 896 | Art/collections/antiques | 0,10 | 0,16 |
| 897 | Jewellery | 0,07 | -0,28 |
| 898 | Musical instruments/records | 0,08 | -0,80 |
| 899 | Miscellaneous manufactured articles, n.e.s. | 0,57 | -0,08 |

Source: Own classification and calculations

Information for 811, 813, 841 and 891 is missing.

Turning to revealed comparative disadvantage (RCD), sub-groups to be found there are Trunks and cases (SITC 831), Clothing accessories (SITC 846) and Baby carriages/toys/games/sport (SITC 894). Clothing accessories (SITC 846) presents revealed comparative advantage until 1997 though. Division Headgear/non-textile clothing (SITC 848) reveals intra-industry trade and is progressing toward revealed comparative advantage. Lastly group Footwear (SITC 851) exhibit the most stable and strongest revealed comparative advantage trend throughout the entire period accounting for almost one fifth of the total sector. Divisions SITC 821, SITC 842, SITC 844, SITC 845 and SITC 851 account for 60% of total trade in the sector.

Manufactures with low skill and technology intensity - C

In manufactures with low skill and technology intensity Croatia experienced a small trend on revealed comparative advantage for the first two years to be replaced by revealed comparative disadvantage which have deteriorated with time. On the other hand the only division belonging here is Sanitary/plumbing/heating fixtures (SITC 812) which accounts for a very small part of total trade, 0.2%. What is remarkable is that imports have increased by nearly six times while exports have been halved.

Manufactures with medium skill and technology intensity - D

The similar situation as in group C is recognized among manufacturers with medium skill and technology intensity. Exports have increased by 11% while imports have increased by five times. These commodities are found in division Articles, n.e.s., of plastics (SITC 893) and are accounting for just less than one percent (0.9%) of entire trade. In the beginning of the period the slightly revealed comparative advantage can be traced to develop to disadvantage from the middle of nineties and onward.

Manufactures with high skill and technology intensity - E

All manufacturers with high skill and technology intensity display very strong and similar pattern of revealed comparative disadvantage, except division Cinematographic film exposed and developed (SITC 883). Interesting is that this division is firmly improving its specialisation from 1998 and ahead. Considerable downturn can be traced though during a couple of years, 1999-2000. Worth noting is that while imports have extended by three times, exports have diminished by same.

Unclassified products – F

Conclusively, Croatia has revealed comparative disadvantage in all unclassified products. Miscellaneous manufactured articles (SITC 899) experienced positive trend until the middle of nineties and Jewellery (SITC 897) presents slightly revealed comparative advantage in 2002. Office and stationery supplies, n.e.s (SITC 895) and Art/collections/antiques (SITC 896) presented revealed comparative advantage initially but have ended up with disadvantage. Sub-group Printed matter (SITC 892) tends moving towards IIT. Exports have increased by 16% while imports have grown by five times.

According to factor intensity labour-intensive and resource-based manufactures are largest export commodities covering 10% of the total trade. In general Croatia has had changing comparative advantage over examined time. The RCA trend is diminishing in all groups where Croatia had revealed comparative advantage. This phenomenon is specially evident from 2000 and onward. Obviously this is affected by the amount of the country's exports in relation to its imports. While exports have grown by few percent, imports have increased by nearly two times during years 1992-2002.

The influence of FDI and integration on the RCA index will be analyzed further in the next section.

5. The pattern of FDI and specialisation

After the war, Croatia was confronted with a number of problems; one of them was its socialist past. Compared to the rest of Yugoslavian former republics Croatia has developed more rapidly after the war. The period of transition, from planned to market economy, has been successful. FDI started in 1993 and has continued to grow, from 120,3 in 1993 to 126,1 million USD in 2002.

The privatization process took its rise in the beginning of last decade and is still taking effect. Even before the collapse of communism companies in Croatia were privatized at some level since they were not government owned. Already at that time Croatian companies enjoyed a significant degree of economic openness and independence from the government. An example would be Yugoslavia's economic system which did give a role to markets and this was not the case in other centrally planned economies. Despite this there is little competition in the country. Still there is approximately one third of the original privatization portfolio that remains in state hands but preparations are under way for the privatization of public utilities. The most important parts of the portfolio that are privatized are agriculture, tourism and processing industry. These branches are of importance for the country. The privatization of public enterprises started in 1999 and continued in 2001 with important sales in the telecommunication sector. Other significant public owned companies for example INA (oil and gas) are working on preparations for privatization³².

5.1 Localisation advantage

Among various reasons to undertake foreign direct investment in Croatia the following ones are of relevance.

Favourable geographical location by the Adriatic Sea is important advantage for Croatia. The country borders EU-members Italy, Slovenia and Hungary as well as Bosnia and Herzegovina and Serbia and Montenegro. This makes it possible for Croatia to access both

³² Bojanic & Terterov 2004, p21-23

EU-market as well as the rest of European economies easily.

The Croatian government encourages actively FDI to stimulate the domestic economy³³. Numerous MNC such as Deutsche Telekom, Ericsson and Nestle are established in the domestic market.

Hostile legislation and land attractiveness are significant factors that generate incentives for foreign investors. These investors are given special tax treatment depending on the sort of the investment as well as the activities they carry out in the country. They enjoy the same legal status, rights and obligations within an enterprise as domestic investors³⁴.

Croatia has rich natural endowments such as oil, coal, iron, calcium, salt, clay and hydropower to name a few. Agriculture accounts for 10% of GDP and plays an important role in Croatia, an opportunity for both foreign as well as domestic investors³⁵.

The population is well educated and have long production tradition in several fields, such as natural, medical, technical and bio-technical science. The work force is skilled and cheap. The country possesses modern communication systems and high standards of transport infrastructure offering big opportunities for investors³⁶.

The Croatian economy is growing and a various number of resolutions such as achieving fiscal sustainability and modernising the economy have been embraced by government. Croatia has signed several trade agreements and has become a member of the WTO. Reports on SAA have shown that the economic situation is improving which makes the country attractive to investors³⁷.

5.2 FDI by year

Over last years there has been a significant increase of inflow of FDI into Central-European-Economies (CEE). These countries attract investors with lower production costs, geographical proximity and improvement in the business environment. At start the inflow of FDI was strongly connected to mass privatization, particularly within banking and telecommunication sectors.

³³ Croatian Privatization Fund

³⁴ *ibid*

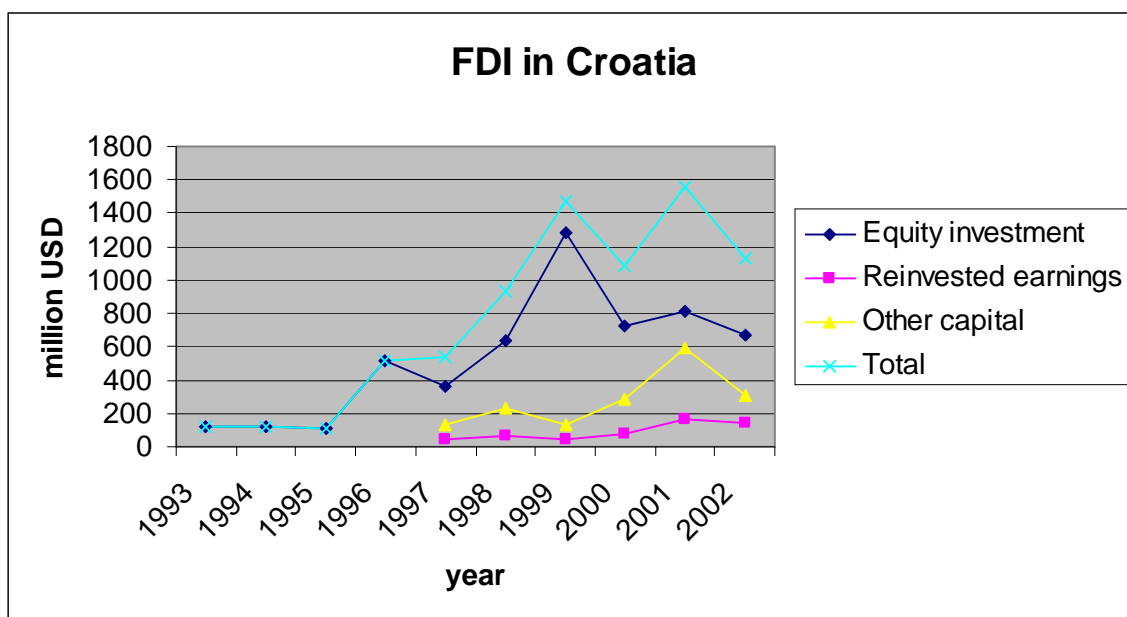
³⁵ *ibid*

³⁶ *ibid*

³⁷ Delegation of the European Commission to the Republic of Croatia, Stabilisation and Association Report, p14

For the period 1993-2002 FDI has increased by nearly ten times. A remarkable rise occurred in the middle of nineties, from 114,2 million USD in 1995 to 510,8 million USD in 1996. This five times increase is very likely owing to the assignment of Dayton-Agreement which implied the end of the war and gave the green light to foreign investors. In 1998 FDI almost doubled. The year after, in 1999, FDI grew by about 60% due to privatization of Croatian Telecommunications (HT) to decrease the following year. The next privatization boom occurred in 2001 which gave rise to FDI but to lessen again the following year even though privatization in the banking sector took place. Stakes from Privredna Banka Zagreb were sold to IntensaBci and European Bank for Reconstruction and Development (EBRD), Rijeka Banka was sold to Erste Bank, HVB bought Splitska Banka and Charlemagne Ltd bought Nova Banka and Dubrovačka Banka. The reason for diminishing FDI was Croatia's failure to privatize state insurer Croatia Osiguranje and the state oil and gas company INA³⁸.

Figure 5.1 FDI in Croatia during 1993-2002



- Equity investment is ownership interest of private or public stock in an enterprise.
- Reinvested earnings are parent firm's claim on the current period profit of its affiliates.
- Other capital are all capital transactions that have not been embodied in direct investment, portfolio investment and reserves categories.

Source: Own compilation based on data from Croatian National Bank

³⁸ Bojanic & Terterov 2004, p33

In a general sense from 1999 and on FDI has exceeded 1 billion USD and has continued to do so (see Table A.9 in Appendix for details). Since this essay is only taking into account FDI up to year 2002 it is not within its framework but worth mentioning that the latest data from 2003 presents FDI reaching 2041,6 and in 2004 1126,1 million USD. The total of FDI has seized to about 30% of GDP which makes Croatia one of the more attractive transition economies in investment.

5.3 FDI by branches

It is worth reminding that the purposes of this essay was to analyze into which sectors FDI have gone - to the ones with comparative advantage and in that case has FDI reinforced those or is FDI seen as a way to tap into domestic market.

Table 5.1 FDI by sectors 1993-2002

| Bransch | % of total FDI |
|---|-----------------------|
| Telecommunications | 26,3 |
| Other monetary intermediation - Banking | 21,4 |
| Manufacture of pharmaceutical preparations | 14 |
| Manufacture of cement | 4,5 |
| Hotels and motels, with restaurant | 3,3 |
| Extraction of crude petroleum and natural gas | 3 |
| Other wholesale | 1,7 |
| Manufacture of beer | 1,4 |
| Manufacture of bricks, tiles, and construction products | 1,2 |
| Other retail sale in non-specialized stores | 1,1 |
| Others | 22,1 |
| TOTAL | 100 |

Source: Own calculation based on data from Croatian National Bank

On the whole during period 1993-2002 FDI reached 7 583,5 million USD. As seen in Table 5.1 roughly one quarter is constituted by Telecommunications (26.3%), followed by Other monetary intermediation accounting for roughly one fifth (21.4%), Manufacture of pharmaceutical preparations (approximately 14%), Manufacture of cement (4.5%), Hotels and motels, with restaurant (3.3%), Extraction of crude petroleum and natural gas (3%), Other wholesale (1.7%), Manufacture of beer (1.4%), Manufacture of bricks, tiles, and construction products (1.2%), Other retail sale in non-specialized stores (1.1%) and Others (22.1%).

FDI in 2003-2004 has changed branches and Other monetary intermediation is at the

moment the biggest receiver of FDI, remaining at still just over one fifth while Telecommunication is the second biggest sector accounting for nearly 16%. The rest is very similar to the examined period.

Telecommunications has experienced privatization during late 1990's which can explain the inflow of foreign investments into the sector. Motives were to exploit the market and rebuild Croatian telecommunication as well as tapping into other regions in north East Europe. According to RCA calculations there are no revealed comparative advantage on either 1- or 2-digit level which is quite remarkable. In that case revealed comparative advantage should be found in sub-group Telecommunications and sound-recording and reproducing apparatus and equipment (SITC 76) on 3-digit level or lower.

Other monetary intermediation is the second largest receiver of total foreign investment. The service sector is growing and a number of financial, business and technical services have developed over time which were neglected during the pre-war economic system. The main reason for increasing FDI is privatization of banking system in 2001. As already mentioned shares from domestic banks were sold to foreign ones. Motives behind these investments are market seeking which gives rise to revealed comparative disadvantage in RCA index. Since this branch is not export-oriented FDI does not influence RCA. The branch is expected to grow due to further privatization of banking institutions.

Manufacture of pharmaceutical preparations is the third largest recipient of FDI. During years 1996 and 1998 the branch received most of foreign investment. Pliva is the largest pharmaceutical enterprise in Croatia and has largest market share in Central and Eastern Europe. From Table A.4 in Appendix can be traced that Medicinal and pharmaceutical products (SITC 54) present revealed comparative advantage while Fertilizers (other than those of group 272) (SITC 56) present very strong revealed comparative advantage. Since the inflow of FDI is not compatible with comparative advantage it could be that these can be found at 3-digit level or lower.

Manufacture of cement is accounting for almost 4.5% and Manufacture of bricks, tiles, and construction products covers 1.2% of total FDI. Looking at RCA-index revealed comparative advantage is discovered in Non-metallic mineral manufactures, n.e.s. (SITC 66) and if calculated, probably in sub-group Lime, cement, and fabricated construction materials (SITC 661) comparative advantage would be strongly revealed. The same would be valid for group

Clay construction materials and refractory construction materials (SITC 662) and comparative advantage should even be obtained in sub-groups Refractory bricks and other refractory construction materials (SITC 6623) and Non-refractory ceramic bricks, tiles, pipes and similar products (SITC 6624). This inflow can be explained by ambition to reconstruct and build motorways and infrastructure. The most significant investments are motorway Zagreb-Split which was finished this year and motorway Split-Dubrovnik which should be ready in 2008. There are even plans to build more airports on the islands of Korcula, Hvar and Vis.

Hotels and motels, with restaurant still account for a small share of FDI but the boom of this branch is still being awaited. The tourists are coming back and there is more demand for exploring Croatia's mild climate in combination with Adriatic coast and numerous cultural monuments. From 1999 and onward this sector is on upward trend and was in 2002 second largest receiver of FDI.

About 3% of FDI has gone to Extraction of crude petroleum and natural gas. Petroleum, petroleum products and related materials (SITC 33) exhibit revealed comparative advantage until year 2000 whereas Gas, natural and manufactured (SITC 34) shifts from disadvantage to strong comparative advantage from 2000. The difference is interesting and worth further research. Possible reason explaining these investments could be to exploit nearby markets.

In 1994 Manufacture of beer was the second largest sector receiving FDI, during entire period the branch acquired 1.35%. Until 1999 RCA-index presents revealed comparative advantage for Beverages (SITC 11) only to deteriorate afterwards. Sub-group Beer made from malt (SITC 112.3) would probably still present continuing revealed comparative advantage trend if calculated. FDI in this industry is primary directed towards the domestic market and tourism sector.

The rest of foreign investment has gone to Other wholesale 1.7% and Other retail sale in non-specialized stores 1%, a number of activities of different character.

Cigarettes are an important commodity for Croatian export and revealed comparative advantage are found in division of Tobacco and tobacco manufactures (SITC 12). Though no FDI can be found in this industry. The same is valid for Fish and preparations (SITC 03). Due to fish quotas in combination with revealed comparative advantage, a significant export commodity is canned fish.

Labour-intensive and resource-based commodities which reveal the strongest comparative advantage and are to be found in the sector of Miscellaneous manufactured articles (SITC 8)

which have had significantly low inflow of FDI and has therefore not reinforced trade patterns. Even though the groups have been able to maintain their specialisation.

The inflow of FDI has mainly had the character of market seeking. One reason is because Croatia is a transition economy and offers big opportunities due to privatization. New competitors try to tap into the Croatian market.

6. Concluding Remarks

Croatian integration as well as participation in global organizations and institutions has had a great impact on the domestic economy in general. Though the integration have had indistinct effects on trade specialisation between 1992-2002. Croatian trade pattern have not changed much over time when it comes to exports whereas imports have increased significantly. Stagnation of export implies loss of position in the EU-market. Reasons for stagnation are the consequences of war, such as damaged facilities and infrastructure as well as stagnated FDI in the beginning and the end of the examined period. The integration has had a great impact on FDI. Croatian participation into trade agreements has encouraged foreign investors to believe in the domestic market.

The country's exports mainly consist of low-cost, labour-intensive and resource-based products such as clothes and footwear. Skills and technology exports are underrepresented. According to RCA index commodities with the strongest revealed comparative advantage have not strengthened trade patterns significantly. Neither have they experienced expressively high inflow of FDI. This is probably because FDI have mainly had the character of market seeking. The majority of foreign direct investments have gone to Telecommunications, Other monetary intermediation and Manufacture of pharmaceutical preparations. Motives were to tap into other CEE markets. The rest of FDI can be found in exploiting the domestic market.

Transition and economic development have performed well in Croatia for the examined period of time. Even though comparing to other transition economies the country has experienced low inflow of FDI which could clarify why foreign direct investment have not been able to reinforce the trade specialisation. Other explanation could be the stagnation of privatization in the country during nineties.

Major trade partners are EU and ex Yugoslavian countries but Croatia's share of EU-market is shrinking since the country experiences declining competitiveness. The country exports most of its commodities duty free to the EU. There are some tariff quotas for fisheries, wine products, veal and sensitive products though. Since Croatia has comparative advantage in these products the lack of competition is benefiting domestic economy. On the other hand it may restrain FDI inflows into the country.

According to “Classification Dimensions” the influence of regional integration in the context of trade and FDI can be strong to weak caused by primary conditions. In figure 3.1 Croatia would probably fall between areas 1 and 3. This is because the country has strong locational advantage as well as the environmental change which is moving from strong towards weak. Localisation advantages that are of relevance are favourable geographical location, friendly legislation and skilled, educated and relatively cheap labour force. One should not forget the fast recovering tourism where there is potential of prolonging the tourism season which could promote the economy further in form of additional FDI. Weaker environmental change implies liberalisation of trade and investment which Croatia has experienced last years.

Few preferential trade agreements have been signed. Participating in WTO was important for Croatia and implies that the country opened its market for foreign trade and investment. Imports became cheaper and Croatia gets better access to new technologies and products from the rest of the world. Investors believe in the country and its laws since they can not be changed overnight. According to SAA the elimination of non-tariff barriers is benefiting Croatian products since the country exports almost all commodities duty free to the European Union.

The agreement with CEFTA is anticipated to increase the overall level of trade exchange, among other things to stimulate Croatian export to CEFTA members. These treaties can be seen as a step closer to integration into the EU.

Other trade agreements mainly with former Yugoslavian republics are of relevance for trade and investment and will be so. The day when Croatia becomes a member of the EU the situation will change though since the country will participate into a custom union. It is hard to predict what this will imply in the future. Probably it will lead to cheaper imports and increasing exports. Regarding some commodities, outcome will be trade creation where Croatia may import commodities where it has comparative disadvantage from the Union members. Membership will probably imply trade diversion concerning other commodities where importing a cheap good will be replaced by importing an expensive good due to tariff liquidation within the EU and prevailing tariffs to third country. The membership will as well result in removal of all trade impediments and lowered tariff barriers. Increasing competition in the domestic market would lead to more differentiated goods and hopefully lowered prices. Concerning FDI the inflow into the country would increase from other member countries. Regarding some sectors membership will imply changing situation. For example the

agricultural sector will integrate into the EU's Common Agricultural Policy which will change RCA and inflow of FDI.

At the moment negotiations are postponed but Croatia is hoping to join the union in next enlargement in 2007. If this goal is to be realized the negotiations will have to start as soon as possible and proceed very firmly. The analysis shows that with Croatian conditions the country could have done better in an economic perspective. One should bear in mind though that a decade after a war and a still occurring political instability in the region that Croatia has been doing well due to its past and is despite all heading off to be a part of the EU.

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APPENDIX

Classification for SITC Revise 3: sections, divisions and groups

- 0 - Food and live animals
 - 00 - Live animals other than animals of division 03
 - 01 - Meat and meat preparations
 - 02 - Dairy products and birds' eggs
 - 03 - Fish (not marine mammals), crustaceans, molluscs and aquatic invertebrates, and preparations thereof
 - 04 - Cereals and cereal preparations
 - 05 - Vegetables and fruit
 - 06 - Sugars, sugar preparations and honey
 - 07 - Coffee, tea, cocoa, spices, and manufactures thereof
 - 08 - Feeding stuff for animals (not including unmilled cereals)
 - 09 - Miscellaneous edible products and preparations
- 1 - Beverages and tobacco
 - 11 - Beverages
 - 12 - Tobacco and tobacco manufactures
- 2 - Crude materials, inedible, except fuels
 - 21 - Hides, skins and furskins, raw
 - 22 - Oil-seeds and oleaginous fruits
 - 23 - Crude rubber (including synthetic and reclaimed)
 - 24 - Cork and wood
 - 25 - Pulp and waste paper
 - 26 - Textile fibres (other than wool tops and other combed wool) and their wastes (not manufactured into yarn or fabric)
 - 27 - Crude fertilizers, other than those of division 56, and crude minerals (excluding coal, petroleum and precious stones)
 - 28 - Metalliferous ores and metal scrap
 - 29 - Crude animal and vegetable materials, n.e.s.
- 3 - Mineral fuels, lubricants and related materials
 - 32 - Coal, coke and briquettes
 - 33 - Petroleum, petroleum products and related materials
 - 34 - Gas, natural and manufactured
 - 35 - Electric current
- 4 - Animal and vegetable oils, fats and waxes
 - 41 - Animal oils and fats
 - 42 - Fixed vegetable fats and oils, crude, refined or fractionated
 - 43 - Animal or vegetable fats and oils, processed; waxes of animal or vegetable origin; inedible mixtures or preparations of animal or vegetable fats or oils, n.e.s.
- 5 - Chemicals and related products, n.e.s.
 - 51 - Organic chemicals
 - 52 - Inorganic chemicals
 - 53 - Dyeing, tanning and colouring materials
 - 54 - Medicinal and pharmaceutical products
 - 55 - Essential oils and resinoids and perfume materials; toilet, polishing and cleansing preparations
 - 56 - Fertilizers (other than those of group 272)
 - 57 - Plastics in primary forms
 - 58 - Plastics in non-primary forms
 - 59 - Chemical materials and products, n.e.s.
- 6 - Manufactured goods classified chiefly by material
 - 61 - Leather, leather manufactures, n.e.s., and dressed furskins

- [62](#) - Rubber manufactures, n.e.s.
- [63](#) - Cork and wood manufactures (excluding furniture)
- [64](#) - Paper, paperboard and articles of paper pulp, of paper or of paperboard
- [65](#) - Textile yarn, fabrics, made-up articles, n.e.s., and related products
- [66](#) - Non-metallic mineral manufactures, n.e.s.
- [67](#) - Iron and steel
- [68](#) - Non-ferrous metals
- [69](#) - Manufactures of metals, n.e.s.
- [7](#) - Machinery and transport equipment
 - [71](#) - Power-generating machinery and equipment
 - [72](#) - Machinery specialized for particular industries
 - [73](#) - Metalworking machinery
 - [74](#) - General industrial machinery and equipment, n.e.s., and machine parts, n.e.s.
 - [75](#) - Office machines and automatic data-processing machines
 - [76](#) - Telecommunications and sound-recording and reproducing apparatus and equipment
 - [77](#) - Electrical machinery, apparatus and appliances, n.e.s., and electrical parts thereof
 - [78](#) - Road vehicles (including air-cushion vehicles)
 - [79](#) - Other transport equipment
- [8](#) - Miscellaneous manufactured articles
 - [81](#) - Prefabricated buildings; sanitary, plumbing, heating and lighting fixtures and fittings, n.e.s.
 - [811](#) - Prefabricated buildings
 - [812](#) - Sanitary, plumbing and heating fixtures and fittings, n.e.s.
 - [813](#) - Lighting fixtures and fittings, n.e.s.
 - [82](#) - Furniture, and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings
 - [821](#) - Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings
 - [83](#) - Travel goods, handbags and similar containers
 - [831](#) - Trunks and cases
 - [84](#) - Articles of apparel and clothing accessories
 - [841](#) - Men's or boys' clothing woven
 - [842](#) - Women's or girls' clothing woven
 - [843](#) - Men's or boys' wear knitted or crocheted
 - [844](#) - Women's or girls' wear knitted or crocheted
 - [845](#) - Articles of apparel, of textile fabrics, whether or not knitted or crocheted, n.e.s.
 - [846](#) - Clothing accessories, of textile fabrics, whether or not knitted or crocheted (other than those for babies)
 - [848](#) - Articles of apparel and clothing accessories of other than textile fabrics; headgear of all materials
 - [85](#) - Footwear
 - [851](#) - Footwear
 - [87](#) - Professional, scientific and controlling instruments and apparatus, n.e.s.
 - [871](#) - Optical instruments and apparatus, n.e.s.
 - [872](#) - Instruments and appliances, n.e.s., for medical, surgical, dental or veterinary purposes
 - [873](#) - Meters and counters, n.e.s.
 - [874](#) - Measuring, checking, analysing and controlling instruments and apparatus, n.e.s.
 - [88](#) - Photographic apparatus, equipment and supplies and optical goods, n.e.s.; watches and clocks
 - [881](#) - Photographic apparatus and equipment, n.e.s.
 - [882](#) - Photographic and cinematographic supplies

- [883](#) - Cinematographic film, exposed and developed, whether or not incorporating soundtrack or consisting only of soundtrack
- [884](#) - Optical goods, n.e.s.
- [885](#) - Watches and clocks
- [89](#) - Miscellaneous manufactured articles, n.e.s.
 - [891](#) - Arms and ammunition
 - [892](#) - Printed matter
 - [893](#) - Articles, n.e.s., of plastics
 - [894](#) - Baby carriages, toys, games and sporting goods
 - [895](#) - Office and stationery supplies, n.e.s.
 - [896](#) - Works of art, collectors' pieces and antiques
 - [897](#) - Jewellery, goldsmiths' and silversmiths' wares, and other articles of precious or semiprecious materials, n.e.s.
 - [898](#) - Musical instruments and parts and accessories thereof; records, tapes and other sound or similar recordings (excluding goods of groups 763 and 883)
 - [899](#) - Miscellaneous manufactured articles, n.e.s.
- [9](#) - Commodities and transactions not classified elsewhere in the SITC
 - [91](#) - Postal packages not classified according to kind
 - [93](#) - Special transactions and commodities not classified according to kind
 - [96](#) - Coin (other than gold coin), not being legal tender
 - [97](#) - Gold, non-monetary (excluding gold ores and concentrates)

Source: United Nations

Table A.1 Croatian export and import on 1-digit level SITC Revise 3

In million USD

| SITC | Export | | | | | | | | | | | |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------------|
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Total 92-02 |
| 0 | 458570 | 367 320 | 397 805 | 395 234 | 410 777 | 384801 | 385 127 | 290 506 | 273 286 | 322 541 | 392 669 | 4078636 |
| 1 | 111 736 | 100583 | 66 640 | 90 010 | 91 555 | 121 227 | 110 808 | 101 364 | 110 177 | 121 439 | 133 649 | 1 159 188 |
| 2 | 286 272 | 237292 | 214 069 | 250 500 | 247 405 | 260 699 | 230 849 | 242 969 | 251 336 | 241 446 | 273 678 | 2 736 515 |
| 3 | 396 966 | 377145 | 386 344 | 390 655 | 416 033 | 426 460 | 263 605 | 338 287 | 485 823 | 476 631 | 458 434 | 4 416 383 |
| 4 | 6291 | 3907 | 6 695 | 9 328 | 9 676 | 13 900 | 16 230 | 9 000 | 5 238 | 8 049 | 12 309 | 100623 |
| 5 | 596 611 | 564208 | 543 227 | 813 587 | 643 018 | 570 491 | 544 861 | 515 021 | 553 850 | 494 347 | 505 526 | 6 344 747 |
| 6 | 820 460 | 525674 | 653 781 | 670 381 | 594 373 | 589 189 | 584 144 | 572 502 | 669 159 | 664 556 | 722 038 | 7 066 257 |
| 7 | 849 394 | 552033 | 731 691 | 777 629 | 964 326 | 752 467 | 1 380 156 | 1 261 862 | 1 195 009 | 1 368 372 | 1 395 028 | 11 227 967 |
| 8 | 1 043 519 | 1168979 | 1 256 686 | 1 233 023 | 1 132 763 | 1 049 067 | 1 022 518 | 966 098 | 887 239 | 968 116 | 1 009 223 | 11 737 231 |
| 9 | 27673 | 6677 | 3436 | 2324 | 11 896 | 2 397 | 2816 | 4 890 | 481 | 412 | 1 030 | 64032 |
| Total | 4 597 492 | 3903818 | 4 262 368 | 4 634 666 | 4 523 818 | 4 172 695 | 4 543 112 | 4 304 498 | 4 433 598 | 4 667 910 | 4 905 586 | 48 949 561 |
| | Import | | | | | | | | | | | |
| 0 | 468 181 | 357 030 | 498 434 | 780 417 | 767 175 | 831 660 | 675 381 | 560 291 | 556 062 | 691 487 | 794 004 | 6 980 122 |
| 1 | 51 931 | 37 357 | 62 457 | 66 202 | 57 609 | 56 990 | 66 231 | 60 068 | 68 317 | 74 853 | 90 213 | 692 228 |
| 2 | 262 834 | 175 697 | 150 910 | 198 250 | 220 393 | 273 560 | 222 733 | 171 765 | 187 404 | 213 705 | 260 962 | 2 338 213 |
| 3 | 429 954 | 461 381 | 589 257 | 871 068 | 857 470 | 849 893 | 595 983 | 859 251 | 1 144 507 | 1 175 618 | 1 309 956 | 9 144 338 |
| 4 | 23 136 | 14 503 | 12 469 | 25 237 | 37 685 | 27 265 | 38 715 | 22 993 | 17 036 | 20 758 | 30 606 | 270 403 |
| 5 | 672 449 | 575 241 | 541 002 | 809 876 | 848 427 | 965 150 | 981 294 | 939 769 | 1 004 817 | 1 038 512 | 1 214 556 | 9 591 093 |
| 6 | 808 258 | 803 594 | 801 334 | 1 303 713 | 1 384 184 | 1 515 011 | 1 397 871 | 1 251 823 | 1 390 482 | 1 786 490 | 2 082 336 | 14 525 096 |
| 7 | 725 621 | 1 122 732 | 1 366 901 | 2 008 600 | 2 129 207 | 3 061 904 | 2 951 925 | 2 732 474 | 2 568 320 | 3 102 719 | 3 681 997 | 25 452 400 |
| 8 | 714 649 | 780 234 | 775 634 | 1 013 498 | 1 117 425 | 1 177 810 | 1 068 186 | 923 733 | 946 891 | 1 042 883 | 1 249 022 | 10 809 965 |
| 9 | 303 715 | 338 612 | 430884 | 433 023 | 368 288 | 344 744 | 384 746 | 276 472 | 2 674 | 105 | 8 394 | 2 891 657 |
| Total | 4 460 728 | 4 666 381 | 5 229 282 | 7 509 884 | 7 787 863 | 9 103 987 | 8 383 065 | 7 798 639 | 7 886 510 | 9 147 130 | 10 722 046 | 82 695 515 |
| Total trade | | | | | | | | | | | | 131 645 076 |

Source: Croatian National Bank

Table A.2 Revealed comparative advantage 3.1 on 1-digit level SITC Revise 3

| RCA 3.1 | | | | | | | | | | | | |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| SITC | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Average |
| 0 | 1,3123085 | 1,2648715 | 1,2909691 | 1,2156286 | 1,299441 | 1,3980258 | 1,3109731 | 1,1177959 | 1,1612175 | 1,2137946 | 1,4196077 | 1,2731485 |
| 1 | 1,9603761 | 2,1370757 | 1,3126051 | 1,7740307 | 1,7812156 | 2,6499635 | 2,2471469 | 2,2695531 | 2,8192052 | 2,8182299 | 2,8807613 | 2,2409239 |
| 2 | 1,536899 | 1,5949717 | 1,2395879 | 1,3193641 | 1,4669213 | 1,7114797 | 1,5138215 | 1,8409778 | 1,8851904 | 1,7349376 | 1,8822809 | 1,6114938 |
| 3 | 1,0975034 | 1,2987497 | 1,4186456 | 1,2389582 | 1,1262335 | 1,2967443 | 1,0500346 | 1,1029169 | 1,0574637 | 1,0616729 | 1,0321118 | 1,1619122 |
| 4 | 0,3501722 | 0,2569294 | 0,3312328 | 0,4014802 | 0,4768653 | 0,7147831 | 0,70672 | 0,4942342 | 0,3992845 | 0,5687396 | 0,6500569 | 0,4864089 |
| 5 | 1,4722543 | 1,6137899 | 1,3945764 | 1,9076115 | 1,5804832 | 1,5173914 | 1,2874167 | 1,2939284 | 1,4135153 | 1,1164245 | 1,0260397 | 1,4203119 |
| 6 | 1,1223931 | 0,852386 | 0,9567724 | 0,8882292 | 0,8570248 | 0,9286701 | 0,8423726 | 0,9161736 | 1,0829725 | 1,0235184 | 1,0617413 | 0,9574776 |
| 7 | 0,4970009 | 0,3748919 | 0,4465446 | 0,4405294 | 0,5510576 | 0,4590136 | 0,7343848 | 0,7014527 | 0,6505277 | 0,7224774 | 0,7028359 | 0,5709742 |
| 8 | 1,6534758 | 2,1694166 | 2,1935655 | 2,0878506 | 1,9519527 | 1,9152333 | 1,6700142 | 1,672439 | 1,5695919 | 1,5926638 | 1,5925944 | 1,8244362 |
| 9 | 0,186033 | 0,0497186 | 0,0226179 | 0,0121434 | 0,0719675 | 0,0158122 | 0,0172507 | 0,0345489 | 0,0034519 | 0,0025608 | 0,0056974 | 0,0383457 |

Source: Own calculations

Table A.3 Revealed comparative advantage 3.2 on 1-digit level SITC Revise 3

| RCA 3.2 | | | | | | | | | | | | |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| SITC | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Average |
| 0 | -0,01037 | 0,014206 | -0,11228 | -0,32763 | -0,30256 | -0,36734 | -0,27369 | -0,3171 | -0,34096 | -0,36384 | -0,3382 | -0,24907 |
| 1 | 0,365407 | 0,458359 | 0,032402 | 0,152408 | 0,227575 | 0,360443 | 0,251792 | 0,25581 | 0,234518 | 0,23733 | 0,19403 | 0,251825 |
| 2 | 0,042684 | 0,149144 | 0,173048 | 0,116435 | 0,057743 | -0,02407 | 0,017893 | 0,171686 | 0,145717 | 0,060949 | 0,023784 | 0,085001 |
| 3 | -0,03989 | -0,10046 | -0,20799 | -0,38076 | -0,34663 | -0,33175 | -0,38667 | -0,43503 | -0,40402 | -0,42305 | -0,48152 | -0,32162 |
| 4 | -0,57243 | -0,57556 | -0,30129 | -0,46026 | -0,59139 | -0,32467 | -0,40923 | -0,43738 | -0,52968 | -0,44118 | -0,42635 | -0,46086 |
| 5 | -0,05976 | -0,00968 | 0,002052 | 0,002286 | -0,13772 | -0,257 | -0,28597 | -0,29197 | -0,28933 | -0,355 | -0,41221 | -0,19039 |
| 6 | 0,007492 | -0,20908 | -0,1014 | -0,32082 | -0,39919 | -0,43999 | -0,41056 | -0,37237 | -0,35022 | -0,45774 | -0,48506 | -0,32172 |
| 7 | 0,078585 | -0,34076 | -0,30268 | -0,44181 | -0,37655 | -0,60546 | -0,36282 | -0,36817 | -0,36492 | -0,3879 | -0,45045 | -0,35663 |
| 8 | 0,187053 | 0,199437 | 0,236701 | 0,097718 | 0,006816 | -0,05781 | -0,02184 | 0,022417 | -0,03252 | -0,03718 | -0,10619 | 0,044963 |
| 9 | -0,83299 | -0,96133 | -0,98418 | -0,98932 | -0,93742 | -0,98619 | -0,98547 | -0,96524 | -0,69509 | 0,59381 | -0,78141 | -0,77498 |

Source: Own calculations

Table A.4 Revealed comparative advantage 3.1 on 2-digit level SITC Revise 3

| RCA 1 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Average |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 00 | 3,739883 | 1,968132 | 0,447161 | 0,547674 | 0,633427 | 0,527193 | 0,308454 | 0,265864 | 0,1884 | 0,253178 | 0,110347 | 0,817247 |
| 01 | 1,380043 | 0,952488 | 1,105731 | 0,947387 | 0,873016 | 1,08512 | 1,029325 | 0,882685 | 0,62464 | 0,467559 | 0,457105 | 0,891373 |
| 02 | 0,452405 | 0,332514 | 0,635465 | 0,601939 | 0,799536 | 1,285886 | 1,516634 | 1,27055 | 1,070432 | 0,860894 | 0,928342 | 0,886781 |
| 03 | 0,845898 | 0,941661 | 0,860636 | 0,820689 | 0,918347 | 1,174318 | 0,834607 | 0,825015 | 1,033389 | 1,303379 | 1,406107 | 0,996731 |
| 04 | 0,811475 | 1,236672 | 1,074804 | 1,150209 | 0,862326 | 0,547642 | 0,842634 | 0,795656 | 1,285256 | 1,065016 | 1,053718 | 0,975037 |
| 05 | 0,504692 | 0,539126 | 0,494124 | 0,526555 | 0,494082 | 0,374539 | 0,302236 | 0,289952 | 0,300129 | 0,293046 | 0,210404 | 0,393535 |
| 06 | 0,566477 | 0,531543 | 0,477063 | 0,388684 | 0,580502 | 0,324885 | 0,346929 | 0,43048 | 0,450514 | 2,024161 | 2,75668 | 0,807083 |
| 07 | 0,96977 | 0,870414 | 0,783857 | 0,921859 | 0,841416 | 0,817425 | 0,772062 | 0,865842 | 0,988714 | 0,997239 | 0,898427 | 0,884275 |
| 08 | 0,715944 | 0,434716 | 0,854296 | 0,633786 | 0,56427 | 0,796076 | 1,016281 | 0,859401 | 0,550711 | 0,686206 | 0,65416 | 0,705986 |
| 09 | 3,424274 | 4,602527 | 5,094222 | 5,267416 | 5,991666 | 5,485037 | 5,313159 | 6,267798 | 5,148391 | 4,153426 | 3,813782 | 4,960154 |
| 11 | 1,161987 | 1,001622 | 1,011536 | 1,306502 | 1,458856 | 1,06921 | 1,081529 | 0,809572 | 0,494437 | 0,427981 | 0,417464 | 0,930972 |
| 12 | 0,807809 | 0,997924 | 0,984937 | 0,584942 | 0,424515 | 0,909974 | 0,887051 | 1,298162 | 1,811196 | 1,97661 | 2,109509 | 1,162966 |
| 21 | 0,373668 | 0,342068 | 0,765908 | 1,084315 | 1,519291 | 1,437064 | 0,913984 | 1,762508 | 1,763159 | 1,64525 | 1,988908 | 1,236011 |
| 22 | 0,127247 | 0,050247 | 0,14259 | 0,224528 | 0,095864 | 0,17742 | 0,249076 | 0,247462 | 0,27236 | 0,202372 | 0,29906 | 0,189839 |
| 23 | 0,004779 | 0,006233 | 0,001539 | 0,002688 | 0,010022 | 0,005687 | 0,003289 | 0,002758 | 0,005831 | 0,004041 | 0,005302 | 0,004743 |
| 24 | 2,975752 | 3,150678 | 3,135663 | 3,41972 | 3,449854 | 3,271189 | 3,623558 | 3,234487 | 3,401267 | 3,245542 | 3,113995 | 3,2747 |
| 25 | 0,492565 | 1,171343 | 0,516801 | 0,501007 | 0,563396 | 0,402051 | 0,476526 | 0,424502 | 0,373938 | 0,435236 | 0,478706 | 0,530552 |
| 26 | 1,467784 | 0,212388 | 0,192246 | 0,211006 | 0,085732 | 0,051858 | 0,105303 | 0,143956 | 0,106216 | 0,090905 | 0,070883 | 0,248934 |
| 27 | 0,506464 | 0,636613 | 0,687444 | 0,78717 | 0,758131 | 1,022805 | 0,805353 | 0,865081 | 1,18276 | 1,239919 | 1,088927 | 0,87097 |
| 28 | 0,22881 | 0,192544 | 0,489209 | 0,393433 | 0,357999 | 0,493197 | 0,394319 | 0,338331 | 0,372854 | 0,420099 | 0,494136 | 0,379539 |
| 29 | 0,544633 | 0,524598 | 0,591679 | 0,766488 | 0,668766 | 0,581451 | 0,492359 | 0,435356 | 0,489602 | 0,528468 | 0,490582 | 0,555817 |
| 32 | 1,480117 | 1,507378 | 0,903356 | 0,03214 | 0,005691 | 0,007665 | 0,005376 | 0,012408 | 0,011553 | 0,006318 | 0,005545 | 0,361595 |
| 33 | 1,067801 | 1,063909 | 1,120993 | 1,1538 | 1,110267 | 1,150143 | 1,18593 | 1,052402 | 0,944753 | 0,914206 | 0,887276 | 1,059225 |
| 34 | 0,397634 | 0,434627 | 0,369771 | 0,549351 | 0,555787 | 0,666919 | 0,730482 | 0,993526 | 1,68751 | 1,837361 | 2,096997 | 0,938179 |
| 35 | | | 0,32568 | 0,169339 | 1,844527 | 0,14438 | 0,166147 | 1,189375 | 0,518468 | 0,73007 | 0,339663 | 0,493423 |
| 41 | 2,043964 | 2,5653 | 9,214504 | 3,261029 | 2,055738 | 1,189024 | 1,083238 | 1,093049 | 1,748257 | 1,195196 | 1,263474 | 2,428434 |

| | | | | | | | | | | | | |
|----|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 42 | 0,714466 | 0,5411 | 0,253549 | 0,715434 | 0,66296 | 0,659149 | 0,71375 | 0,818898 | 0,713835 | 0,931445 | 0,969077 | 0,699424 |
| 43 | 1,805061 | 2,166528 | 0,806365 | 1,233677 | 2,220289 | 2,962411 | 2,606576 | 1,954343 | 2,070389 | 1,244201 | 1,044317 | 1,82856 |
| 51 | 0,287654 | 0,462596 | 0,3333 | 0,273996 | 0,290892 | 0,26985 | 0,248578 | 0,338701 | 0,502627 | 0,459223 | 0,275179 | 0,340236 |
| 52 | 0,263502 | 1,683223 | 0,307233 | 0,373335 | 0,3827 | 0,362021 | 0,406888 | 0,364755 | 0,34949 | 0,423873 | 0,463433 | 0,489132 |
| 53 | 0,559948 | 0,43032 | 0,404356 | 0,375922 | 0,588363 | 0,695934 | 0,58671 | 0,585546 | 0,514685 | 0,686778 | 0,705189 | 0,557614 |
| 54 | 1,416529 | 1,100706 | 1,566024 | 1,094828 | 1,32629 | 1,616731 | 1,442362 | 1,604752 | 1,756377 | 1,533371 | 1,480871 | 1,448986 |
| 55 | 0,575456 | 0,595619 | 0,464839 | 0,296741 | 0,405411 | 0,443481 | 0,522885 | 0,561673 | 0,609044 | 0,645482 | 0,694235 | 0,528624 |
| 56 | 4,915122 | 3,954947 | 4,317205 | 3,507603 | 4,895622 | 4,765753 | 4,475752 | 4,942196 | 5,768982 | 5,591686 | 6,966867 | 4,918339 |
| 57 | | | | | | | | | | | | |
| 58 | 0,248415 | 0,216001 | 0,247489 | 0,259069 | 0,229624 | 0,317042 | 0,304686 | 0,272329 | 0,204572 | 0,277918 | 0,316034 | 0,263016 |
| 59 | 0,634034 | 0,459439 | 0,394199 | 0,413071 | 0,458586 | 0,282046 | 0,285957 | 0,233758 | 0,17775 | 0,22229 | 0,276127 | 0,348842 |
| 61 | 0,719857 | 0,931104 | 1,095378 | 0,699614 | 0,551241 | 0,542513 | 0,737337 | 0,61593 | 0,739076 | 1,176143 | 1,947939 | 0,886921 |
| 62 | 1,108531 | 0,414747 | 0,415289 | 0,288842 | 0,307825 | 0,259313 | 0,285904 | 0,223621 | 0,158077 | 0,162039 | 0,192071 | 0,346933 |
| 63 | 1,558612 | 2,218715 | 2,641878 | 2,737139 | 2,38969 | 2,541104 | 1,878427 | 2,715998 | 2,457421 | 2,367264 | 2,212321 | 2,338052 |
| 64 | 0,991371 | 1,362792 | 1,339384 | 1,321114 | 0,887055 | 1,083571 | 0,934253 | 0,929585 | 3,180379 | 0,986303 | 0,987949 | 1,273069 |
| 65 | 0,537641 | 0,859088 | 0,948232 | 0,942711 | 0,923726 | 0,758087 | 0,779821 | 0,750769 | 0,631477 | 0,685732 | 0,614319 | 0,766509 |
| 66 | 1,151879 | 1,443569 | 1,376105 | 1,441959 | 1,706096 | 1,684387 | 1,748797 | 1,876725 | 1,60804 | 1,838324 | 1,855018 | 1,6119 |
| 67 | 0,840593 | 0,675091 | 0,580385 | 0,467287 | 0,446922 | 0,606631 | 0,666994 | 0,481577 | 0,388592 | 0,359286 | 0,340673 | 0,532185 |
| 68 | 2,07683 | 0,692701 | 0,665299 | 0,844037 | 0,928936 | 0,858577 | 0,90865 | 0,853933 | 0,945192 | 0,934097 | 0,84181 | 0,959097 |
| 69 | 0,754229 | 1,05231 | 0,982652 | 1,11149 | 1,278844 | 1,194132 | 1,163744 | 1,105885 | 1,044495 | 1,232268 | 1,325815 | 1,113261 |
| 71 | 0,785162 | 1,471293 | 1,422133 | 1,278383 | 0,985481 | 1,231951 | 0,716016 | 1,156666 | 0,839428 | 0,812117 | 0,731304 | 1,039085 |
| 72 | 0,59817 | 0,612326 | 0,695935 | 0,635746 | 0,577998 | 0,649701 | 0,466952 | 0,517274 | 0,615209 | 0,719171 | 0,931779 | 0,638205 |
| 73 | 1,460586 | 1,837979 | 1,231488 | 2,084319 | 1,367943 | 2,508127 | 1,728862 | 1,083499 | 1,394974 | 1,265599 | 1,561288 | 1,593151 |
| 74 | 0,508792 | 0,714653 | 0,583221 | 0,687234 | 0,570888 | 0,839322 | 0,437541 | 0,515262 | 0,723255 | 0,529422 | 0,708071 | 0,619787 |
| 75 | 0,013088 | 0,016202 | 0,026827 | 0,038238 | 0,045996 | 0,067864 | 0,041996 | 0,043275 | 0,063784 | 0,094548 | 0,127681 | 0,052682 |
| 76 | 0,609563 | 0,939039 | 0,651135 | 0,754606 | 0,870793 | 1,289874 | 0,606874 | 0,292716 | 0,533276 | 0,578571 | 0,616837 | 0,703935 |
| 77 | 1,116166 | 1,387448 | 1,164079 | 1,229329 | 1,045731 | 1,371786 | 0,795858 | 0,799328 | 0,73773 | 0,810347 | 1,046943 | 1,045886 |
| 78 | 0,177872 | 0,390856 | 0,205193 | 0,322401 | 0,280977 | 0,411457 | 0,2462 | 0,251905 | 0,225488 | 0,215982 | 0,233245 | 0,269234 |
| 79 | 5,690193 | 3,643709 | 5,74973 | 5,442065 | 6,75287 | 3,448976 | 7,264288 | 8,118939 | 8,804182 | 7,707888 | 6,59051 | 6,292123 |
| 81 | 1,263783 | 0,750667 | 0,539344 | 0,612973 | 0,613618 | 0,60334 | 0,590534 | 0,627407 | 0,556965 | 0,639436 | 0,630511 | 0,675325 |
| 82 | 1,523811 | 1,819533 | 1,529833 | 1,673499 | 1,405135 | 1,61207 | 1,351724 | 1,348921 | 1,44083 | 1,569915 | 1,700668 | 1,543267 |
| 83 | 0,090991 | 0,089109 | 0,118932 | 0,217613 | 0,216975 | 0,224731 | 0,271072 | 0,228718 | 0,235964 | 0,222004 | 0,260547 | 0,197878 |

| | | | | | | | | | | | | |
|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 84 | 1,974772 | 2,087229 | 1,919761 | 2,171357 | 2,223773 | 2,021696 | 2,058744 | 2,112228 | 2,080124 | 1,987364 | 1,969333 | 2,055126 |
| 85 | 2,730916 | 2,835422 | 3,334322 | 2,963367 | 3,233211 | 3,49531 | 3,388211 | 3,261105 | 3,225857 | 3,017532 | 2,680541 | 3,105981 |
| 87 | 0,126731 | 0,087669 | 0,106269 | 0,168996 | 0,139069 | 0,150947 | 0,170053 | 0,183985 | 0,215599 | 0,303264 | 0,289059 | 0,176513 |
| 88 | 0,186671 | 0,095307 | 0,170685 | 0,106041 | 0,108082 | 0,113437 | 0,107144 | 0,080738 | 0,06101 | 0,058506 | 0,101289 | 0,108083 |
| 89 | 0,373338 | 0,277611 | 0,378251 | 0,274409 | 0,242597 | 0,270169 | 0,326404 | 0,357811 | 0,389169 | 0,386352 | 0,411527 | 0,33524 |
| 93 | 0,073191 | 0,294167 | 0,606128 | 1,427347 | 1,197246 | 1,187741 | 1,262534 | 1,220725 | | | | 0,660825 |
| 96 | | | | | | | | | | | | |
| 97 | 0,314576 | 0,574309 | 0,784549 | 0,933255 | 0,805792 | 0,805279 | 0,287954 | 0,182771 | 9,211758 | 10,23123 | 11,38047 | 3,228359 |
| 99 | 5,882562 | 6,699715 | 2,264067 | 0,014118 | 0,011479 | 0,1265 | 0,024416 | | | | | 1,365714 |

Source: Own calculations

Table A.5 Revealed comparative advantage 3.2 on 2-digit level SITC Revise 3

| RCA 2 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Average |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 00 | -0,09622 | 0,414269 | -0,54806 | -0,63602 | -0,7432 | -0,86024 | -0,86291 | -0,87744 | -0,94362 | -0,8865 | -0,96624 | -0,63693 |
| 01 | -0,07313 | -0,10971 | -0,11268 | -0,39196 | -0,35195 | -0,36848 | -0,24428 | -0,22745 | -0,43583 | -0,52074 | -0,50313 | -0,30358 |
| 02 | -0,39587 | -0,53179 | -0,35822 | -0,60297 | -0,53084 | -0,39253 | -0,18023 | -0,23931 | -0,40578 | -0,47182 | -0,38389 | -0,40848 |
| 03 | 0,634005 | 0,592489 | 0,452154 | 0,31519 | 0,271072 | 0,3315 | 0,182078 | 0,093562 | 0,139316 | 0,060707 | 0,024329 | 0,281491 |
| 04 | 0,491781 | 0,5989 | 0,255402 | 0,246842 | 0,057972 | -0,40959 | -0,06767 | -0,17396 | 0,108958 | -0,21484 | -0,06203 | 0,075615 |
| 05 | -0,25896 | -0,39536 | -0,53309 | -0,6845 | -0,66134 | -0,72757 | -0,72418 | -0,76134 | -0,75957 | -0,7679 | -0,80709 | -0,64372 |
| 06 | -0,57725 | -0,53407 | -0,70001 | -0,77837 | -0,52539 | -0,57412 | -0,50167 | -0,49408 | -0,57745 | -0,17442 | 0,022538 | -0,49221 |
| 07 | 0,036179 | 0,010206 | -0,27305 | -0,48158 | -0,48652 | -0,56022 | -0,52748 | -0,5656 | -0,5088 | -0,46337 | -0,47 | -0,39002 |
| 08 | -0,26341 | -0,59545 | -0,23938 | -0,44932 | -0,55096 | -0,45449 | -0,41116 | -0,54115 | -0,66447 | -0,63584 | -0,60564 | -0,49193 |
| 09 | 0,338155 | 0,391793 | 0,438704 | 0,198983 | 0,224887 | 0,167735 | 0,195927 | 0,163247 | 0,093051 | 0,028379 | -0,0166 | 0,202206 |
| 11 | 0,320587 | 0,403534 | -0,10986 | 0,208439 | 0,28801 | 0,357263 | 0,235283 | 0,158811 | -0,04492 | -0,22004 | -0,27111 | 0,120544 |
| 12 | 0,449356 | 0,535395 | 0,314023 | 0,01071 | 0,021083 | 0,365322 | 0,280704 | 0,367572 | 0,415975 | 0,57977 | 0,572205 | 0,355647 |
| 21 | -0,20886 | -0,00857 | 0,288255 | 0,489779 | 0,578367 | 0,598764 | 0,499946 | 0,593518 | 0,14371 | 0,110647 | -0,09556 | 0,271817 |
| 22 | -0,69102 | -0,79747 | -0,68755 | -0,58515 | -0,76003 | -0,80869 | -0,73459 | -0,49846 | -0,37447 | -0,6862 | -0,71173 | -0,66685 |
| 23 | -0,97142 | -0,95867 | -0,99013 | -0,98842 | -0,94365 | -0,96819 | -0,97897 | -0,97928 | -0,96799 | -0,98184 | -0,97109 | -0,9727 |
| 24 | 0,830742 | 0,824056 | 0,76121 | 0,714217 | 0,523775 | 0,441946 | 0,47412 | 0,598417 | 0,616704 | 0,508937 | 0,467046 | 0,614652 |
| 25 | -0,05499 | 0,312777 | -0,08677 | -0,13679 | 0,176812 | 0,010367 | 0,237706 | 0,195475 | -0,09941 | 0,06353 | 0,030451 | 0,059014 |
| 26 | -0,24341 | -0,70573 | -0,66781 | -0,64394 | -0,82678 | -0,90752 | -0,76142 | -0,63837 | -0,7884 | -0,85417 | -0,86316 | -0,71825 |
| 27 | -0,69944 | -0,57995 | -0,49966 | -0,58098 | -0,61241 | -0,49603 | -0,57836 | -0,43275 | -0,3515 | -0,30893 | -0,35842 | -0,49985 |
| 28 | -0,38504 | -0,52084 | 0,468519 | 0,778983 | 0,467378 | 0,357343 | 0,329578 | 0,423037 | 0,513023 | 0,499633 | 0,750569 | 0,334745 |
| 29 | -0,00522 | -0,21145 | -0,34971 | -0,38513 | -0,45902 | -0,54593 | -0,51576 | -0,51617 | -0,46485 | -0,48168 | -0,49517 | -0,40273 |
| 32 | -0,03956 | -0,12438 | -0,12247 | -0,91548 | -0,9846 | -0,98144 | -0,98887 | -0,97774 | -0,99101 | -0,9936 | -0,99487 | -0,73764 |
| 33 | 0,02865 | 0,032458 | -0,11821 | -0,33565 | -0,3119 | -0,27168 | -0,25749 | -0,40206 | -0,3834 | -0,41113 | -0,49592 | -0,26603 |
| 34 | -0,58463 | -0,70353 | -0,70474 | -0,20651 | -0,58087 | -0,51022 | -0,61655 | -0,45123 | -0,23868 | -0,26656 | -0,1812 | -0,45861 |
| 35 | | -1 | -0,80284 | -0,96425 | -0,24208 | -0,93197 | -0,95733 | -0,73135 | -0,91204 | -0,8537 | -0,94574 | -0,7583 |
| 41 | -0,50509 | -0,51809 | 0,212121 | -0,29315 | -0,42978 | -0,5271 | -0,36143 | -0,46074 | -0,5 | -0,46815 | -0,35552 | -0,38245 |

| | | | | | | | | | | | | |
|----|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 42 | -0,66621 | -0,70455 | -0,64402 | -0,53189 | -0,69321 | -0,4113 | -0,52466 | -0,4834 | -0,59051 | -0,41746 | -0,42932 | -0,55423 |
| 43 | -0,21674 | -0,30764 | -0,60217 | -0,39378 | -0,33806 | -0,05136 | -0,06576 | -0,28349 | -0,3914 | -0,50309 | -0,4407 | -0,32674 |
| 51 | -0,48187 | -0,25328 | -0,30529 | -0,36182 | -0,46155 | -0,54966 | -0,53889 | -0,49725 | -0,38013 | -0,49552 | -0,65698 | -0,45293 |
| 52 | -0,63932 | 0,228109 | -0,47052 | -0,39733 | -0,46014 | -0,54955 | -0,481 | -0,53736 | -0,48702 | -0,46825 | -0,56959 | -0,43927 |
| 53 | -0,46928 | -0,49002 | -0,52911 | -0,56833 | -0,51027 | -0,50969 | -0,55245 | -0,61099 | -0,61534 | -0,63762 | -0,682 | -0,56137 |
| 54 | 0,090209 | 0,008345 | 0,149391 | -0,12553 | -0,14925 | -0,08348 | -0,14654 | -0,11728 | -0,0997 | -0,15275 | -0,21371 | -0,07639 |
| 55 | -0,32621 | -0,21767 | -0,55106 | -0,70372 | -0,70793 | -0,74534 | -0,71694 | -0,70273 | -0,67175 | -0,72506 | -0,7443 | -0,61934 |
| 56 | 0,532081 | 0,521575 | 0,700718 | 0,666575 | 0,707283 | 0,510317 | 0,525342 | 0,506686 | 0,469941 | 0,358387 | 0,345347 | 0,531296 |
| 57 | 0,390242 | 0,426741 | 0,4347 | 0,647431 | 0,483039 | 0,161217 | 0,002318 | 0,010101 | -0,0825 | -0,01433 | -0,06054 | 0,218038 |
| 58 | -0,12281 | -0,15984 | -0,19346 | -0,17884 | -0,36924 | -0,36842 | -0,37157 | -0,42256 | -0,51966 | -0,55149 | -0,5986 | -0,35059 |
| 59 | -0,45864 | -0,56684 | -0,50588 | -0,50014 | -0,56298 | -0,76065 | -0,76454 | -0,79116 | -0,83555 | -0,82507 | -0,80799 | -0,67086 |
| 61 | 0,175061 | 0,031701 | 0,185335 | -0,20712 | -0,33643 | -0,33435 | -0,01135 | 0,117973 | -0,45003 | -0,5499 | -0,31873 | -0,15435 |
| 62 | -0,0363 | -0,61812 | -0,60847 | -0,81227 | -0,81107 | -0,84715 | -0,80785 | -0,83634 | -0,84653 | -0,87151 | -0,86419 | -0,72362 |
| 63 | 0,260588 | 0,323243 | 0,435158 | 0,184641 | -0,02073 | -0,03698 | -0,05507 | 0,067324 | 0,032507 | -0,12516 | -0,23223 | 0,075754 |
| 64 | -0,18069 | -0,34957 | -0,15816 | -0,37354 | -0,60027 | -0,55488 | -0,58402 | -0,56567 | -0,46435 | -0,54001 | -0,55458 | -0,44779 |
| 65 | -0,23976 | -0,21716 | -0,07051 | -0,25757 | -0,29584 | -0,40092 | -0,37293 | -0,31665 | -0,48255 | -0,61297 | -0,6365 | -0,35485 |
| 66 | 0,283097 | 0,15414 | 0,242334 | 0,009998 | -0,02271 | -0,17195 | -0,13872 | 0,018833 | 0,082305 | 0,012793 | -0,06704 | 0,036644 |
| 67 | -0,10214 | -0,41348 | -0,34386 | -0,60896 | -0,68731 | -0,63468 | -0,5655 | -0,65513 | -0,67655 | -0,78311 | -0,80152 | -0,5702 |
| 68 | 0,431099 | -0,22463 | -0,23437 | -0,30317 | -0,34174 | -0,38657 | -0,33149 | -0,37895 | -0,18908 | -0,3398 | -0,38037 | -0,24355 |
| 69 | -0,24047 | -0,21378 | -0,21218 | -0,37398 | -0,40446 | -0,48097 | -0,47467 | -0,4378 | -0,35266 | -0,42075 | -0,4684 | -0,37092 |
| 71 | 0,270497 | -0,02184 | 0,137823 | 0,113543 | 0,13488 | 0,006474 | -0,0422 | -0,15551 | 0,016954 | -0,01916 | -0,14026 | 0,027382 |
| 72 | -0,40561 | -0,63778 | -0,58071 | -0,72356 | -0,72555 | -0,79951 | -0,72244 | -0,67824 | -0,6468 | -0,59998 | -0,64458 | -0,65134 |
| 73 | 0,263247 | -0,16508 | -0,24781 | 0,013398 | -0,11748 | -0,16481 | 0,127392 | -0,195 | -0,15081 | -0,44535 | -0,32139 | -0,12761 |
| 74 | -0,56766 | -0,62701 | -0,67845 | -0,72626 | -0,74508 | -0,77148 | -0,75362 | -0,73478 | -0,62684 | -0,7336 | -0,72302 | -0,69889 |
| 75 | -0,96092 | -0,98513 | -0,963 | -0,96117 | -0,94046 | -0,94544 | -0,9157 | -0,91792 | -0,89215 | -0,86846 | -0,86138 | -0,92834 |
| 76 | -0,08463 | -0,18184 | -0,38988 | -0,5554 | -0,33698 | -0,4605 | -0,36072 | -0,60678 | -0,48165 | -0,53265 | -0,5654 | -0,41422 |
| 77 | 0,056849 | -0,05133 | -0,16702 | -0,28132 | -0,29011 | -0,30537 | -0,23927 | -0,19059 | -0,20499 | -0,27382 | -0,28512 | -0,20292 |
| 78 | -0,57177 | -0,69061 | -0,83038 | -0,76787 | -0,77148 | -0,86214 | -0,83331 | -0,83531 | -0,87578 | -0,87039 | -0,87315 | -0,79838 |
| 79 | 0,954162 | 0,393798 | 0,772856 | 0,361494 | 0,482772 | -0,20985 | 0,16162 | 0,192242 | 0,297429 | 0,336695 | 0,479667 | 0,383899 |
| 81 | 0,461795 | 0,260837 | -0,25789 | -0,42162 | -0,49354 | -0,57424 | -0,54957 | -0,51979 | -0,56738 | -0,55841 | -0,66357 | -0,35303 |
| 82 | 0,555321 | 0,642847 | 0,440589 | 0,237398 | 0,134532 | 0,013337 | -0,082 | -0,0221 | -0,04694 | -0,0813 | -0,16242 | 0,148114 |
| 83 | -0,02107 | -0,21754 | -0,44524 | -0,33265 | -0,46188 | -0,49953 | -0,42312 | -0,44517 | -0,52298 | -0,55063 | -0,57267 | -0,40841 |

| | | | | | | | | | | | | |
|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 84 | 0,51919 | 0,576958 | 0,461991 | 0,425468 | 0,377991 | 0,345006 | 0,368267 | 0,423326 | 0,255053 | 0,310788 | 0,341554 | 0,400508 |
| 85 | -0,21297 | -0,22834 | 0,160373 | 0,042955 | -0,01098 | -0,04329 | -0,02252 | -0,02115 | 0,065936 | 0,200129 | 0,093597 | 0,002157 |
| 87 | -0,5139 | -0,62801 | -0,64037 | -0,59871 | -0,71565 | -0,72089 | -0,61164 | -0,55251 | -0,46761 | -0,40692 | -0,4995 | -0,57779 |
| 88 | -0,0287 | -0,40764 | -0,17 | -0,51976 | -0,64752 | -0,62391 | -0,61795 | -0,699 | -0,77122 | -0,80613 | -0,74886 | -0,54915 |
| 89 | -0,03985 | -0,0557 | 0,036945 | -0,33793 | -0,46748 | -0,51416 | -0,42832 | -0,3467 | -0,37771 | -0,44387 | -0,48589 | -0,31461 |
| 93 | -0,99049 | -0,99172 | -0,99469 | -0,99099 | -0,99166 | -0,98786 | -0,98609 | -0,96594 | -1 | | | -0,80904 |
| 96 | | | | 0,117188 | -0,07843 | -1 | | | | | | -0,08739 |
| 97 | 0,54507 | 0,944715 | 0,2 | -0,66026 | -0,08974 | -0,68705 | -0,78089 | -0,35802 | 0,687719 | 0,59381 | -0,78141 | -0,0351 |
| 99 | 0,054228 | -0,48889 | 0,555087 | -0,96484 | -0,97468 | 0,037975 | 0,333333 | | | | | -0,13162 |

Source: Own calculations

Table A.6 Revealed comparative advantage 3.1 for Miscellaneous manufactured articles (SITC 8) on 3-digit level SITC Revise 3

| RCA 1 | | | | | | | | | | | | |
|-------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| SITC | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Average |
| 811 | | | | | | | | | | | | |
| 812 | 0,505952 | 0,277455 | 0,2748 | 0,208638 | 0,22245 | 0,217673 | 0,205144 | 0,173168 | 0,173687 | 0,247837 | 0,268717 | 0,25232 |
| 813 | | | | | | | | | | | | |
| 821 | 1,506922 | 1,799109 | 1,512821 | 1,655135 | 1,389931 | 1,445571 | 1,336262 | 1,336229 | 1,42459 | 1,840673 | 1,758847 | 1,546008 |
| 831 | 0,089966 | 0,088095 | 0,117618 | 0,215221 | 0,214618 | 0,201524 | 0,267969 | 0,227405 | 0,233286 | 0,259791 | 0,269204 | 0,198609 |
| 841 | | | | | | | | | | | | |
| 842 | 2,186481 | 2,604391 | 1,855013 | 2,238792 | 2,120465 | 1,82254 | 2,029819 | 1,84198 | 1,56847 | 1,770602 | 1,52063 | 1,959926 |
| 843 | 0,421157 | 0,6062 | 0,525228 | 0,459657 | 0,486581 | 2,280124 | 0,565906 | 0,65453 | 0,670465 | 0,84926 | 0,676825 | 0,745085 |
| 844 | 0,967578 | 0,818665 | 1,058746 | 0,992127 | 1,136784 | 2,155381 | 1,198977 | 1,294369 | 1,45597 | 1,802374 | 1,583393 | 1,314942 |
| 845 | 0,737195 | 0,958903 | 1,27503 | 1,753316 | 1,762967 | 1,553545 | 1,880266 | 2,267296 | 2,581911 | 3,231217 | 2,896806 | 1,899859 |
| 846 | 0,369546 | 0,280392 | 0,247137 | 0,2772 | 0,559092 | 0,217933 | 0,234045 | 0,206631 | 0,227585 | 0,286065 | 0,390699 | 0,299666 |
| 848 | 0,326043 | 0,410023 | 1,163032 | 0,74249 | 0,759173 | 0,817642 | 1,024086 | 0,858484 | 0,68099 | 0,972937 | 0,901455 | 0,786941 |
| 851 | 2,700315 | 2,803089 | 3,297263 | 2,930852 | 3,198237 | 3,445888 | 3,349464 | 3,225174 | 3,18951 | 2,987344 | 2,759334 | 3,080588 |
| 871 | 0,000165 | 0,000285 | 0,001132 | 0,008413 | 0,002113 | 0,015877 | 0,014116 | 0,013346 | 0,014294 | 0,021709 | 0,013451 | 0,009537 |
| 872 | 0,113873 | 0,08632 | 0,080618 | 0,09515 | 0,080723 | 0,056184 | 0,05176 | 0,066522 | 0,066405 | 0,099428 | 0,089687 | 0,080606 |
| 873 | | | | | | | | | | | | |
| 874 | 0,131537 | 0,09173 | 0,123645 | 0,214815 | 0,174595 | 0,185409 | 0,243795 | 0,274897 | 0,326595 | 0,557576 | 0,004661 | 0,21175 |
| 881 | 0,211093 | 0,000449 | 0,00035 | 0,000905 | 0,001582 | 0,003584 | 0,006981 | 0,005909 | 0,014147 | 0,022813 | 0,035561 | 0,02758 |
| 882 | 0,180239 | 0,060022 | 0,06761 | 0,060246 | 0,082324 | 0,116113 | 0,098856 | 0,062706 | 0,049856 | 0,086383 | 0,128857 | 0,090292 |
| 883 | 0,006795 | 0,081535 | 0,103673 | 0,587765 | 0,076139 | 0,208277 | 1,587512 | 0,265381 | 0,779355 | 1,721764 | 3,861705 | 0,843628 |
| 884 | 0,100711 | 0,162447 | 0,092568 | 0,244367 | 0,345253 | 0,207368 | 0,333032 | 0,277769 | 0,038461 | 0,059657 | 0,10467 | 0,178755 |
| 885 | 0,189731 | 0,210597 | 0,465544 | 0,215978 | 0,177059 | 0,190929 | 0,126396 | 0,109264 | 0,148603 | 0,077431 | 0,095761 | 0,182481 |
| 891 | | | | | | | | | | | | |
| 892 | 0,160895 | 0,108764 | 0,642285 | 0,209405 | 0,198686 | 0,221898 | 0,681226 | 1,095352 | 1,110657 | 1,070943 | 1,047959 | 0,595279 |
| 893 | 0,505588 | 0,330577 | 0,564689 | 0,268668 | 0,305717 | 0,367927 | 0,446147 | 0,406936 | 0,5212 | 0,538912 | 0,509984 | 0,433304 |
| 894 | 0,390404 | 0,418696 | 0,42316 | 0,355682 | 0,222168 | 0,144353 | 0,109983 | 0,11494 | 0,09861 | 0,13275 | 0,144076 | 0,232257 |
| 895 | 2,221618 | 0,555928 | 0,502982 | 0,618843 | 0,645571 | 0,568973 | 0,556848 | 0,446497 | 0,498564 | 0,502578 | 0,485116 | 0,691229 |
| 896 | 0,003069 | 0,013212 | 0,025289 | 0,034713 | 0,025892 | 0,002836 | 0,033802 | 0,0279 | 0,104194 | 0,799834 | 0,075724 | 0,104224 |

| | | | | | | | | | | | | |
|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 897 | 0,035279 | 0,020022 | 0,010063 | 0,055575 | 0,067651 | 0,039897 | 0,058383 | 0,036414 | 0,071528 | 0,077756 | 0,285116 | 0,06888 |
| 898 | 0,028021 | 0,016776 | 0,020775 | 0,05906 | 0,056917 | 0,076847 | 0,089134 | 0,093486 | 0,073687 | 0,148805 | 0,17715 | 0,076423 |
| 899 | 0,680891 | 0,693685 | 0,51762 | 0,635512 | 0,519075 | 0,723853 | 0,564249 | 0,508914 | 0,519222 | 0,496968 | 0,420724 | 0,570974 |

Source: Own calculations

Table A.7 Revealed comparative advantage 3.2 for Miscellaneous manufactured articles (SITC 8) on 3-digit level SITC Revise 3

| RCA 2 | | | | | | | | | | | | |
|-------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| SITC | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Average |
| 811 | 0,889663 | 0,504955 | -0,77168 | -0,64958 | -0,52007 | -0,68885 | -0,53958 | -0,02505 | -0,41334 | 0,052497 | -0,57122 | -0,24839 |
| 812 | 0,377946 | 0,216901 | -0,02901 | -0,47868 | -0,5551 | -0,6234 | -0,63895 | -0,71178 | -0,6929 | -0,66073 | -0,67331 | -0,40627 |
| 813 | 0,102516 | 0,140906 | -0,15186 | -0,29661 | -0,42263 | -0,66435 | -0,68997 | -0,63077 | -0,48094 | -0,62649 | -0,68282 | -0,40027 |
| 821 | 0,555236 | 0,642741 | 0,440584 | 0,237398 | 0,134532 | 0,013339 | -0,08201 | -0,02106 | -0,04695 | -0,08164 | -0,16192 | 0,148205 |
| 831 | -0,02108 | -0,21746 | -0,44519 | -0,33265 | -0,4619 | -0,49953 | -0,42311 | -0,44465 | -0,52299 | -0,55181 | -0,57288 | -0,40848 |
| 841 | 0,607763 | 0,671346 | 0,524223 | 0,565978 | 0,520135 | 0,521542 | 0,546457 | 0,590425 | 0,442375 | 0,633026 | 0,537994 | 0,560115 |
| 842 | 0,558267 | 0,638947 | 0,463983 | 0,469351 | 0,404572 | 0,423868 | 0,410304 | 0,426069 | 0,266686 | 0,463797 | 0,38545 | 0,446481 |
| 843 | 0,520879 | 0,677039 | 0,537127 | 0,403599 | 0,284703 | 0,507027 | 0,34325 | 0,33707 | 0,274856 | 0,34379 | 0,250917 | 0,407296 |
| 844 | 0,647034 | 0,726168 | 0,696512 | 0,446305 | 0,386119 | 0,64597 | 0,457954 | 0,502136 | 0,269721 | 0,435 | 0,499167 | 0,51928 |
| 845 | 0,321969 | 0,19174 | 0,319974 | 0,308906 | 0,239101 | 0,224593 | 0,212283 | 0,315055 | 0,16765 | 0,201994 | 0,390508 | 0,26307 |
| 846 | 0,120748 | 0,407131 | 0,130224 | 0,016805 | 0,366726 | -0,04315 | -0,05411 | -0,0355 | -0,31561 | -0,6295 | -0,45903 | -0,04503 |
| 848 | -0,2846 | 0,107756 | 0,297045 | -0,19973 | -0,23382 | -0,13357 | -0,08469 | -0,04133 | -0,08415 | 0,131628 | 0,010405 | -0,04682 |
| 851 | -0,2129 | -0,22839 | 0,160374 | 0,042956 | -0,01098 | 0,004068 | -0,02252 | -0,02438 | 0,065872 | 0,199973 | 0,091398 | 0,005952 |
| 871 | -0,99723 | -0,99623 | -0,98457 | -0,87835 | -0,97865 | -0,93362 | -0,87646 | -0,70591 | -0,59079 | -0,65217 | -0,80016 | -0,85401 |
| 872 | -0,67332 | -0,71719 | -0,79018 | -0,79849 | -0,87803 | -0,93053 | -0,89615 | -0,85493 | -0,86674 | -0,84386 | -0,84816 | -0,82705 |
| 873 | -0,60239 | -0,82061 | -0,81118 | -0,88634 | -0,85411 | -0,9153 | -0,86031 | -0,91332 | -0,88574 | -0,88804 | -0,9051 | -0,84931 |
| 874 | -0,37429 | -0,51939 | -0,5216 | -0,47081 | -0,58 | -0,56161 | -0,41093 | -0,34883 | -0,23425 | -0,17505 | -0,98969 | -0,4715 |
| 881 | 0,753287 | -0,98468 | -0,98738 | -0,9838 | -0,9906 | -0,96793 | -0,92083 | -0,93926 | -0,85165 | -0,84508 | -0,83761 | -0,77778 |
| 882 | -0,43869 | -0,73857 | -0,69607 | -0,81344 | -0,80803 | -0,74747 | -0,80376 | -0,87888 | -0,90641 | -0,88908 | -0,83995 | -0,77821 |
| 883 | -0,90621 | -0,5687 | -0,57971 | -0,05565 | -0,77686 | -0,53616 | 0,314067 | -0,37459 | -0,09097 | 0,266705 | 0,685075 | -0,23845 |
| 884 | -0,37652 | -0,13616 | -0,60304 | -0,4874 | -0,46175 | -0,56755 | -0,47131 | -0,46731 | -0,90003 | -0,8886 | -0,82889 | -0,5626 |
| 885 | -0,04134 | -0,17993 | 0,174248 | -0,19295 | -0,34819 | -0,31018 | -0,44954 | -0,52415 | -0,48824 | -0,71817 | -0,66866 | -0,34065 |
| 891 | -0,72163 | -0,8453 | -0,86024 | -0,8855 | -0,90276 | -0,8643 | -0,51636 | -0,11564 | 0,060263 | 0,075768 | 0,120231 | -0,49595 |
| 892 | -0,10558 | -0,12597 | 0,479347 | -0,39314 | -0,44574 | -0,45584 | -0,09288 | 0,187752 | 0,013028 | -0,11719 | -0,16594 | -0,1111 |
| 893 | 0,234363 | 0,115612 | 0,169654 | -0,45589 | -0,52429 | -0,46667 | -0,40962 | -0,39525 | -0,3704 | -0,4749 | -0,50068 | -0,27982 |
| 894 | -0,49115 | -0,30468 | -0,16148 | -0,31512 | -0,52374 | -0,64557 | -0,6975 | -0,68364 | -0,74094 | -0,74131 | -0,74334 | -0,54986 |
| 895 | 0,660792 | 0,069075 | -0,18378 | -0,24341 | -0,23632 | -0,36072 | -0,35911 | -0,43557 | -0,37707 | -0,44993 | -0,4584 | -0,21586 |
| 896 | 0,11114 | 0,794984 | 0,552158 | 0,538466 | -0,00418 | -0,73085 | 0,566155 | 0,269719 | -0,41821 | 0,672602 | -0,64199 | 0,155453 |

| | | | | | | | | | | | | |
|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 897 | 0,168034 | 0,149466 | -0,67491 | -0,3452 | -0,54631 | -0,64352 | -0,50933 | -0,52834 | -0,20701 | -0,21495 | 0,219611 | -0,28477 |
| 898 | -0,71388 | -0,82132 | -0,83778 | -0,7421 | -0,78887 | -0,85979 | -0,84195 | -0,80042 | -0,82016 | -0,80178 | -0,78388 | -0,80108 |
| 899 | 0,397147 | 0,482341 | 0,143 | 0,034337 | -0,15336 | 0,011554 | -0,17965 | -0,22059 | -0,3754 | -0,50378 | -0,55696 | -0,08376 |

Source: Own calculations

Table A.8 Factor intensity and total trade for Miscellaneous manufactured articles (SITC 8) on 3-digit level SITC Revise 2

In million USD

| B – Labour-intensive and resource-based manufactures | | | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| SITC | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | |
| 821 | 140499544 | 180177100 | 191765636 | 244517504 | 211502984 | 246160320 | 233328616 | 214348976 | 216917856 | 268953856 | 343234432 | 2491406824 |
| 831 | 4082726 | 5700026 | 12170838 | 18538638 | 20656814 | 20357183 | 19646396 | 16616596 | 18363007 | 20208328 | 24388764 | 180729316 |
| 842 | 233706652 | 283329184 | 250798800 | 277045600 | 257467688 | 229768280 | 233784016 | 191584472 | 170741960 | 155831344 | 167053756 | 2451111752 |
| 843 | 14544218 | 21087164 | 20685770 | 19484237 | 20275998 | 75852796 | 19143632 | 19512209 | 18489975 | 20155814 | 19541055 | 268772868 |
| 844 | 38739118 | 37161310 | 51752409 | 50910418 | 52335184 | 82207009 | 47623761 | 42876853 | 50247324 | 49118616 | 49100942 | 552072944 |
| 845 | 74241496 | 113391768 | 139465152 | 179816232 | 176547712 | 184924472 | 194148424 | 206903552 | 239926568 | 272822192 | 254679136 | 2036866704 |
| 846 | 25810746 | 17931431 | 20956281 | 27235244 | 38315718 | 23708229 | 23508833 | 19341455 | 26187372 | 54379733 | 62189800 | 339564842 |
| 848 | 21562286 | 19679032 | 47895574 | 46285328 | 44414444 | 41003106 | 40910214 | 29046984 | 23742194 | 26527701 | 32320924 | 373387787 |
| 851 | 471702976 | 583192784 | 480055696 | 448145104 | 475603776 | 494617600 | 407018944 | 355836704 | 294167744 | 125360629 | 269966392 | 4405668349 |
| 894 | 100291976 | 89382336 | 79249848 | 81747368 | 67970280 | 60431055 | 46561590 | 43945388 | 40878145 | 48874080 | 65817433 | 725149499 |
| Total | 1125181738 | 1351032135 | 1294796004 | 1393725673 | 1365090598 | 1459030050 | 1265674426 | 1140013189 | 1099662145 | 1042232293 | 1288292634 | 13824730885 |
| C – Manufactures with low skill and technology intensity | | | | | | | | | | | | |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | |
| 812 | 19673527 | 14022076 | 18675964 | 25558112 | 29774940 | 33763899 | 30201067 | 30377918 | 25406570 | 30125089 | 41705759 | 299284921 |
| D - Manufactures with medium skill and technology intensity | | | | | | | | | | | | |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | Total |
| 893 | 59832052 | 48924064 | 88950904 | 95030456 | 111604864 | 122559734 | 123200460 | 105143070 | 119674152 | 138141400 | 166436656 | 1179497812 |
| E- Manufactures with high skill and technology intensity | | | | | | | | | | | | |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | |
| 871 | 1316568 | 1867895 | 2123235 | 2197300 | 3101225 | 9350932 | 4386267 | 2108155 | 1770291 | 2701354 | 3132118 | 34055340 |
| 872 | 25165818 | 24890598 | 32390414 | 41694809 | 56206006 | 70944236 | 41263875 | 37048480 | 35390915 | 46627332 | 54176301 | 465798784 |
| 873 | 6375132 | 6548758 | 5811690 | 8438409 | 10690347 | 12754609 | 10343642 | 10066264 | 7035682 | 8526456 | 9071837 | 95662826 |
| 874 | 37555701 | 37893305 | 55507459 | 89021120 | 84319430 | 89015460 | 77094584 | 75142292 | 74065474 | 108165252 | 83490024 | 811270101 |

| | | | | | | | | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------|
| 881 | 10093164 | 2770269 | 2942529 | 6103355 | 16574865 | 11252052 | 7346113 | 7552567 | 7294190 | 9237501 | 14376366 | 95542971 |
| 882 | 15163050 | 12410441 | 12383956 | 17736692 | 20848984 | 22007518 | 18698715 | 17554150 | 16685735 | 19599840 | 23588005 | 196677086 |
| 883 | 109545 | 325989 | 339753 | 716187 | 422006 | 540887 | 1300928 | 467444 | 712516 | 1072922 | 2576094 | 8584271 |
| 884 | 3917624 | 5104427 | 6347646 | 13781301 | 17832499 | 14401142 | 16020248 | 12382794 | 8935729 | 11870479 | 16017850 | 126611739 |
| 885 | 14252206 | 20794672 | 34302857 | 22224062 | 19291743 | 18265448 | 12692193 | 11211545 | 12397575 | 10306434 | 12609117 | 188347852 |
| Total | 113948808 | 112606354 | 152149539 | 201913235 | 229287105 | 248532284 | 189146565 | 173533691 | 164288107 | 218107570 | 219037712 | 2022550970 |
| F – Unclassified products | | | | | | | | | | | | |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | |
| 892 | 15602756 | 11783903 | 43010841 | 33699392 | 32077878 | 34460212 | 57625760 | 63951856 | 65415072 | 68537948 | 83015904 | 509181522 |
| 895 | 30081012 | 12980542 | 16612932 | 21984069 | 20273036 | 21846875 | 18774365 | 16600028 | 14938524 | 14315493 | 16943269 | 205350145 |
| 896 | 98461 | 234635 | 526605 | 614503 | 625200 | 284013 | 468766 | 424776 | 3975113 | 9490013 | 4698835 | 21440920 |
| 897 | 2090789 | 1376615 | 2692532 | 6821127 | 10566675 | 8049029 | 7818684 | 4547750 | 4702282 | 4935347 | 14476211 | 68077041 |
| 898 | 9567515 | 10502370 | 15540505 | 26503850 | 29559413 | 57835228 | 52030550 | 41733326 | 31153509 | 51681719 | 65381345 | 391489330 |
| 899 | 35880545 | 39302050 | 41011212 | 54331966 | 49257006 | 56611038 | 47605086 | 44625176 | 51506549 | 59355907 | 69026051 | 548512586 |
| Total | 93321078 | 76180115 | 119394627 | 143954907 | 142359208 | 179086395 | 184323211 | 171882912 | 171691049 | 208316427 | 253541615 | 1744051544 |
| Total | | | | | | | | | | | | 19070116132 |
| Total trade | | | | | | | | | | | | 131 667 043 000 |

Source: United Nations

Table A.9 FDI in Croatia in (in million USD)

| | Equity investment | | Reinvested earnings | Debt securities | | Other capital | | Total |
|--------------|-------------------|-------------|------------------------|-----------------|-------------|---------------|-------------|---------|
| | Claims | Liabilities | | Claims | Liabilities | Claims | Liabilities | |
| 1993 | 0,0 | 120,3 | n/a | n/a | n/a | n/a | n/a | 120,3 |
| 1994 | 0,0 | 117,0 | n/a | n/a | n/a | n/a | n/a | 117,0 |
| 1995 | 0,0 | 114,2 | n/a | n/a | n/a | n/a | n/a | 114,2 |
| 1996 | 0,0 | 510,8 | n/a | n/a | n/a | n/a | n/a | 510,8 |
| 1997 | 0,0 | 363,7 | 41,3 | 0,0 | 0,0 | -8,0 | 141,0 | 538,0 |
| 1998 | 0,0 | 636,4 | 69,8 | 0,0 | 0,0 | -14,6 | 243,2 | 934,8 |
| 1999 | 0,0 | 1 289,6 | 46,0 | 0,0 | 0,0 | -0,6 | 137,1 | 1 472,0 |
| 2000 | 0,0 | 721,8 | 80,6 | 0,0 | 0,0 | 0,0 | 284,1 | 1 086,5 |
| 2001 | 0,0 | 810,6 | 162,5 | 0,0 | 0,0 | 0,1 | 590,6 | 1 563,8 |
| 2002 | 0,0 | 671,6 | 146,8 | 0,0 | 0,0 | -0,3 | 307,9 | 1 126,1 |
| Total | 0,0 | 5 355,9 | 547,0 | 0,0 | 0,0 | -23,4 | 1 703,9 | 7 583,5 |

Source: Croatian National Bank

